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# West Europe Report

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24 October 1985

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POLITICAL

DENMARK

LEFT-SOCIALIST PARTY DIVIDED OVER AFGHANISTAN STAND

Membership Vote on Position Demanded

Copenhagen INFORMATION in Danish 21-22 Sep 85 p 22

[Text] Seven members of the VS [Left-Socialist Party] executive committee are now calling for a vote by all party members on the party's stand on the resistance movement in Afghanistan. The seven charge that an executive committee majority circumvented the resolution of the party congress on democracy and socialism by imposing a number of conditions on VS participation in the December demonstration on Afghanistan that is being planned by the National Initiative for the Withdrawal of the Soviet Union from Afghanistan (LISA).

The executive committee majority decided that VS cannot participate in the demonstration unless the plans include criticism of the policies of the resistance movement and a demand that the movement initiate negotiations with the government in Kabul.

Executive committee members Helle Antczak, Klavs Birkholm, Jakob Erle, Lisbeth Grundlund Jensen, Karin Lovengreen, Susanne Borup and Preben Wilhjelm called for a vote by all party members on this issue. This demand has the support of Jorgen Lenger of the party's Folketing group. Lenger said to INFORMATION:

"It would be a catastrophe if VS for the first time ever starts imposing demands on resistance movements fighting for national self-determination. It is no more than 3 months since the VS congress approved the resolution on democracy and socialism which says that VS /unconditionally/ [in italics] supports the right of all people to political independence and national self-determination. This particular executive committee majority decision is both formally in conflict with the congressional resolution and politically unacceptable. It is a clear political intervention in Afghanistan's internal affairs if we start imposing demands on the resistance movement.

"If VS made a practice of imposing political conditions in return for supporting resistance movements there would not be many movements around the world that we would be able to support."

Did he expect the members to reject the executive committee decision?

"I cannot imagine any other outcome. As I said before, it is only 3 months since we approved the statement on democracy which the executive committee flouted on this occasion, presumably because they were not thinking about it when the meeting was held," said Jorgen Lenger.

The executive committee majority argued in support of its decision that aside from their opposition to the Soviet invasion, the Afghan resistance groups have a reactionary policy that makes it difficult to support their struggle for power in Afghanistan.

The VS members will vote on the issue during the second week in October.

#### Congress Backed Afghan Resistance

Copenhagen INFORMATION in Danish 21-22 Sep 85 p 22

[Editorial: "Dependent Afghanistan"]

[Text] At their last party congress the Left-Socialists took two steps forward in the party's relationship to democracy but there is now a danger that the party will take at least five steps back. A majority of the party's executive committee decided that the only way the party can participate in this year's demonstration against the Soviet invasion of Afghanistan is to insist that the demonstration criticize the Moslem resistance groups and call for a negotiated settlement between the Afghan guerrillas and the Soviet puppet regime in Kabul.

The current proposed basis for the demonstration, which is being arranged by LISA, the National Initiative for the Withdrawal of the Soviet Union from Afghanistan, calls for the withdrawal of Soviet troops and humanitarian aid for the victims of the war that will celebrate its 6th anniversary in December.

The executive committee's decision resembles a coup aimed at wrenching the party back to the period immediately following the invasion of Afghanistan. At that time the party's international committee said that VS should show great sympathy for the Russian move which was intended to break up the "primitive" Moslems. The same committee demonstrated an alarming acceptance of imperialism when it called itself red and was used against cultures that fulltime Danish revolutionaries have a hard time understanding and therefore fear.

The views of the committee ran into opposition and it was the debate on Afghanistan that prompted a debate on the party's relationship to democracy and socialism. Many who had entirely or partially given up on the party as a focus of democratic socialism breathed a sigh of relief when VS passed a

resolution on democracy at its last congress, acknowledging that democracy is valid at all times and for all people.

In light of the debate on Afghanistan the congress stated that "VS unconditionally backs the right to national self-determination" and "supports national movements fighting for self-determination even if they are dominated by nonsocialist forces." Against this background a number of the party's old advocates of democracy accepted election to the party leadership, where they have now ended up in a painful minority position. The resolution on democratic policy was probably also the reason why many dissatisfied members decided to remain in the party. Time will tell what the mood of the members really is, since the minority has called for a membership vote on the issue.

But what led the majority of the leadership to approve this kind of undemocratic nonsense? Not many people calling themselves Left-Socialists can believe that occupation troops are better than national autonomy if the latter does not live up to the VS ideas about how a country should be ruled. And they cannot seriously think that a guerrilla pledge to VS to form a reconciliation government with the Soviet-installed government in Kabul should be a prerequisite for demanding Soviet troop withdrawal. It is probable that there is disagreement on this score but that many people still fall back on the old cliche that it is better to say something silly than "work on the side of the bourgeoisie."

LISA is a very broad group politically. Many VS members are undoubtedly appalled at the idea of marching side by side with Conservative Youth members. One cannot criticize VS people for thinking that this is not the best company to keep. But one can criticize them for resorting to something as wrong as this resolution in an effort to avoid that company.

The credibility of the Left-Socialists has once more been put to the test because of Afghanistan. Unless VS sharply criticizes all violations of the right to national self-determination, as it resolved to do just 3 months ago, the congressional resolution is not worth the paper it is written on.

The Stalinists in VS are trying once more to bury this kind of consistent criticism of the Soviet Union. In doing so they are really working for the bourgeoisie by setting one reactionary policy against another. The task of a democratic party should be to criticize Soviet imperialistic measures even more consistently than the nonsocialist forces can. This also involves demonstrating side by side with nonsocialists. Then the socialists can ask with a full measure of credibility where the other side is when it comes to U.S. encroachments.

It is painfully clear that we are talking about five steps back for VS when we recall the debate just after the invasion. A member of the VS international committee had to "admit" to INFORMATION then that not everything the Soviet Army was doing in Afghanistan was good. "But it is a question of supporting the Soviets anyway," the person in question said.

Since then the Soviet Army has done a great deal more. French doctors recently revealed that when children are shot they are deliberately maimed rather than killed because a crippled child weakens its parents' fighting ability more than a dead one. The Soviet Army is also responsible for massive bombing assaults on civilians and for the plight of around 5 million refugees. But some VS people are still willing to excuse these things because in their view the Moslems are obviously a worse alternative. As long as this kind of cultural arrogance flourishes in VS there is little chance that the party will do much to advance the cause of democratic socialism. During the debate on Afghanistan in 1980 a party member said something that can be repeated now: "Unless it is crystal clear that the VS goal is to grant people power over their own living and working conditions, left-wing socialism has no party that it can call its own."

Prominent party members are now showing strong sympathy for the Soviet invasion by demanding that the resistance movement submit to the Kabul government. As we said before many of them probably do so to avoid going in the same direction as the nonsocialist forces when they march to the Soviet Embassy. Can they be made to understand that they are going in the same political direction as the reactionary forces they claim to combat when they abandon consistent criticism of the Soviet invasion?

Or should we expect the next VS executive committee meeting to demand that the Afghans change the name of their country to Dependent Afghanistan?

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CSO: 3613/3

POLITICAL

DENMARK

FORMER SDP MINISTER: LOCAL ELECTIONS TEST FOR SCHLUTER

Copenhagen AKTUEL in Danish 25 Sep 85 pp 23-24

[Interview with former Interior Minister Henning Rasmussen by Jens J. Krogh; date and place not given]

[Text] Normally former Interior Minister Henning Rasmussen (Social Democrat) prefers to make cautious rather than bombastic statements. Objectivity and seriousness have always characterized the former mayor of Esbjerg.

But when it comes to the municipal arena--Henning Rasmussen's old home ground--there is no reason to pull any punches. As we approach the local elections on 19 November the situation has become so intense that both a showdown and a revolt are needed.

Dishonest, mediocre, centralistic, irresponsible, distrustful and a political swindle are some of the words Henning Rasmussen used to describe the government's policies which have led among other things to cutting municipal block grants from around 16 billion kroner to roughly 3.7 billion kroner in terms of current prices over a 3 year period.

Lack of Trust

[Question] What words would you choose to briefly characterize the government's municipal policy?

[Answer] I can think of two words: centralism and distrust. The municipalities are being centrally run and the government has shown direct distrust of popularly-elected officials.

[Question] Has this been an expensive government as far as the municipalities are concerned?

[Answer] The government has cut municipal finances to an incredible extent. Block grants today are only a quarter of what they were in 1982. And using totally untenable assumptions the interior minister is now forcing the municipalities to prepare unrealistic budgets. As you know the municipalities are supposed to maintain an unchanged tax percentage, an unchanged level of

activity and an unchanged spending level. We know in advance that setting price and wage increases at only 2 percent and saying at the same time that municipalities must maintain an unchanged level of activity is the same as dictating and forcing through budgets that everyone knows cannot be lived up to. No one who knows anything about municipal economy believes that wage and price increases will stay inside the 2 percent goal.

#### Municipalities Responsible

[Question] Is the whole thing a question of responsibility, in other words?

[Answer] The fact is that the municipalities are extremely responsible. There is no sign that local activity is increasing but just to maintain an unchanged level of activity it is necessary to dip into cash reserves unless the local government wants to make cuts. If a punitive action is mounted against them for this it is due entirely to the unrealistic assumptions being made by the interior minister. And that is dishonest politics.

[Question] Can the municipalities expect intervention after the election on 19 November?

[Answer] I would not be at all surprised if local expenses are 3 to 5 billion kroner higher than the government will accept. Whether or not this leads to intervention depends on the Radical Liberals.

#### Revolt on the Way

[Question] What can the local governments do?

[Answer] There will be a revolt by local governments across the country. It is my strong impression that the Liberal and Conservative mayors who are not criticizing the government today have chosen to maintain a low profile purely for reasons of party loyalty. For it is not very responsible for municipal governments to use their cash reserves. That just postpones the problems and will lead to cuts or tax increases in 1987.

[Question] But when the minister says that taxes must remain unchanged along with activity and spending levels and is at the same time unwilling to listen to municipal organizations, does it matter who one votes for in the election on 19 November?

#### Opposition

[Answer] Absolutely. It is quite important to have the opposition to the government's municipal policy presented as strongly and forcefully as possible. This is a very difficult time for the weak. It should be the Social Democrats' biggest task to be of assistance here, also on the local level.

[Question] But this looks as if it will be an election that will be largely dominated by national policy.

[Answer] Yes, to a large extent. And this is partly because there has hardly ever been a minister who tried so hard to make people think that she is an enthusiastic supporter of the local community. There is a glaring contrast between what she says and what she does.

[Question] Back when you yourself were minister of the interior you had plans to cut block grants. Isn't it true that a Social Democratic government would have also made deep cuts in municipal budgets?

[Answer] It is correct that we had plans concerning the block grants when we were in power. But the important thing is that we would have made cuts in a way that would have been acceptable to municipal organizations. If we were still in power we would have shared the responsibility for the cuts by adhering to the krone for krone principle. So in three major areas the situation would have been different: The cuts would not have been so drastic. They would not have been so uneven either, so that they hit economically weak communities while largely passing over the strong ones. And finally they would have been carried out in cooperation with the municipal organizations.

#### No Changes

[Question] But has the government had enough opposition from the municipalities and the Folketing parties that oppose its policies? By and large everything has had smooth sailing.

[Answer] We have tried and tried. We in Folketing and the municipal organizations have had plans presented to us the day before the cuts were due to go through Folketing. There have been times when we had a half hour's advance warning before cuts came up for political discussion. We have not been able to change a comma or a decimal in anything at all. Therefore the government's policy also shows distrust of popularly-elected representatives. The government thinks everything should be forced through. We have also seen this with regard to proposals that concern the labor market.

#### Political Swindle

[Question] Starting next year the block grants will increase again when social reimbursements are turned into local subsidies. What will that mean at the local level?

[Answer] The changes have two aims. The first is to force municipalities with good social services to cut back. The second is to make the block grant pool big enough so that funds can be handed out again. To put it bluntly this is a political swindle.

We have asked and asked why the conversion of the social reimbursements has to wait until February 1986. The answer has been that the local governments need to know where they stand well in advance. All right, but the local governments will not know how big the block grants will be next year. Therefore the argument is a hollow one and therefore it is reasonable to talk

about a political swindle. Everyone knows that the problems have been postponed until February 1986 just as everyone knows that the National Bank director is right when he says that there will be a fiscal policy intervention after the municipal election.

#### Worst of All

[Question] But it should come as no surprise to the local governments and the rest of you that the government tries to push its policies through Folketing. That is straightforward enough, even if you happen to think it is wrong.

[Answer] It is no exaggeration to say that the government is allowing the municipalities to make these cuts in order to save its own neck. But the worst is that the government is unaware of its own responsibility. When the municipalities make cuts in cultural areas the minister of cultural affairs says that it is not her problem. When cuts are made in the public school system the minister of education says the same thing. When social budgets are cut the social affairs minister follows suit. The point is that the government not only forces the municipalities to make cuts, it also criticizes them for implementing the cuts. That is really the worst part of it all. The government does not accept responsibility for its own acts.

#### No Coercion

[Question] The Social Democrats have said that they want to return to municipal autonomy.

[Answer] And we are quite serious about this. Of course municipal finances must fit into national developments. We have never denied that local communities must also lend a hand so that we can change economic developments. But the Social Democrats would never have held a gun at the heads of the local governments. Nor would we have regarded the union organizations of such groups as teachers and doctors as "opponents" that have far too much influence. No, on the contrary--democracy in Denmark is not confined to Folketing alone. Municipalities, counties and organizations are indispensable components of democracy. Therefore it is wrong to attack them.

[Question] What will the Social Democrats campaign on in the municipal and county elections?

[Answer] The Social Democrats have a very special obligation to the weak members of society. These are families with children, the unemployed, the elderly, the young, the sick. They are the ones we must help.

In addition to that we must give a high priority to the vital problems of housing policy, leisure time policy and environmental policy. More houses must be built and there must be homes for everyone.

When it comes to leisure time, we must make sure on the local level that the increased free time is not simply left to commercial interests. We

in the local communities must make provisions for recreational areas, open spaces, libraries, sports centers and so forth.

In the area of environmental policy we should not just recognize the problems of pollution. We should be ahead of them--for example when it comes to planning towns or residential areas or recreational areas. This will be one of the biggest jobs for local communities in the years ahead. We must work to create local communities that are worth living in.

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POLITICAL

DENMARK

ELLEMANN-JENSEN AT LIBERALS' CONGRESS ATTACKS SDP ON SECURITY

Copenhagen BERLINGSKE TIDENDE in Danish 23 Sep 85 p 8

[Article by Carl Otto Brix and Ole Dahl]

[Text] "It is against us that their main artillery is directed," said the proud party chairman, Foreign Minister Uffe Ellemann-Jensen at the national congress of the Liberal Party at Herning yesterday.

"The Liberal Party is the chief enemy of the Social Democratic Party." This was the message from the chairman of the Liberal Party, Foreign Minister Uffe Ellemann-Jensen, to the national congress of the Liberal Party at Herning yesterday.

"The chief enemy of Anker Jørgensen's Social Democratic Party is not the Socialist People's Party, which is trying to rob the Social Democratic Party of its voters. It is not the Conservatives, who have the prime minister's office and the many seats in the Folketing. It is not the Center Democrats, despite the fact that the said party was formed on the basis of the unpopular disruption of the Social Democratic Party. Indeed, the chief enemy is the Liberal Party," said Uffe Ellemann-Jensen.

He did not find this sad. On the contrary.

"Of course, we are the chief enemy. We desire the welfare society--but we want something different with the society than the Social Democratic Party. We have a different philosophy. We have the belief that freedom is an essential asset, without which life is not worth living. But that does not make us reactionary. On the contrary, the reactionary are the Social Democrats, who have neither wanted to nor been able to learn from the developments since the merry sixties."

"It is the strength of the four-leaf clover government that it stands for vigor, and it is the handicap of the Social Democratic Party that it stands for lack of vigor," said the chairman of the Liberal Party.

### With Their Heads Low

"At the annual congress of the Social Democratic Party 2 weeks ago, the deputy chairman of the party, Svend Auken, stated that there was no longer any reason for the Social Democrats to feel subdued and keep their heads low when it comes to standpoints and ideas, but Svend Auken may just as well continue to do so. For the new wall newspaper, showing the refurbished party program with the somewhat repetitious slogan "Denmark for the Entire People" does not either give Svend Auken reason to cock his hat and stroll whistling across Slotsholmen [parliament]," said the chairman of the Liberal Party.

### Possibility of Choice in Security Policy

Despite the ideological differences between the Social Democratic Party and the Liberal Party, Uffe Ellemann-Jensen encouraged reestablishment of broad cooperation in the foreign policy and security policy areas. He was applauded to the echo by his audience when indicating the possibility of a choice in this area:

"If the Social Democratic Party seriously chooses to pursue a security policy together with the Socialist People's Party and the Socialist Left Party, this will take us the step farther which involves an open threat to our full NATO membership, and then the limit to what the Liberal Party will accept has been exceeded."

Uffe Ellemann-Jensen requested his audience to view without hysteria the development which is in progress toward a closer cooperation within the Common Market. The negotiations within the EC are not concerned with removing the rights of the individual member countries to veto vital issues, nor is it a question of transforming Europe into the United States of Europe, where the majority will rule the minority. It is a question of making the cooperation flexible so that important decisions will not be obstructed--for example decisions to remove trade barriers among the various countries."

### Four-Leaf Clover Functioning

The chairman of the Liberal Party concluded by giving expression to his confidence in the continued existence of the four-leaf clover government.

"The four-leaf clover government functions and functions well. It will continue to function for a long time," he said. "Four independent parties which, in many ways, are different but which also represent a cooperation which may be able to withstand even the storms of the autumn."

"Last year, I said that a new, refreshing wind was blowing across Denmark, and I asked that it become a liberal gale. It has not yet developed into a gale. But the new fresh wind is still there. Denmark has become different and will be changed anew in the course of the next 3 years. We are moving toward a rich and just society--toward the liberal society we desire for ourselves," said Ellemann-Jensen.

POLITICAL

DENMARK

SDP'S JORGENSEN WANTS DEFENSE PANEL TO AIR ARMS CONTROL

Copenhagen BERLINGSKE TIDENDE in Danish 1 Oct 85 p 6

[Text] The tense relationship between Foreign Minister Uffe Ellemann-Jensen and the Social Democrats can be translated into a NATO election if the government wants to resort to an election--or if the Radical Liberals want to end their economic cooperation with the government.

Denmark's stand on nuclear arms policy and thus NATO membership will be the decisive question in the resumed efforts to create broad parliamentary agreement on foreign and security policy. SDP chairman, former Prime Minister Anker Jorgensen, is demanding that the discussions in Folketing's special Security Policy Committee move on to deal with the sensitive points too. The major points of dispute in the debate are the question of establishing nuclear-free zones and the rejection of pre-emptive nuclear strikes and SDP security policy spokesman Lasse Budtz makes no secret of the fact that the two topics are at odds with NATO's strategy for the Nordic region.

The resolution concerning Denmark's foreign and security policy was passed by the Social Democrats, the Radical Liberals, SF [Socialist People's Party] and VS [Left-Socialist Party] and the efforts by the special Folketing Security Policy Committee are aimed at coming up with a new resolution that can create an agreement between the government parties and the Social Democrats and at finding some kind of party coexistence when it comes to areas of disagreement.

Tense Situation

Leading Social Democrats have stressed "an improved foreign policy climate in relation to the government" prior to the opening of Folketing and among other things they have pointed to the agreement in the just concluded talks in Geneva on the nonproliferation of nuclear weapons.

But the same Social Democrats freely admit that relations are still tense between the party and Foreign Minister Uffe Ellemann-Jensen (Liberal). After 3 years in office the government has a clear risk of a vote of no confidence in the foreign minister and thus the government and an election could be held on NATO policy as soon as the government wants one--or when Radical leader Niels Helveg Petersen decides to abandon economic cooperation with the government.

POLITICAL

DENMARK

POSSIBLE SDP MODERATION SEEN AIDING CAREER OF MOGENS LYKKETOFT

Copenhagen BERLINGSKE TIDENDE in Danish 7 Sep 85 p 10

[Commentary by Hans Jorgen Poulsen: "The Main Figure Behind the Big Compromises"]

[Text] Portrait of Social Democrat Mogens Lykketoft, who might become one of the central figures if his party chooses a middle course at this weekend's annual meeting.

At this week-end's annual meeting of social democrats, one of the people in the center of attention will be Mogens Lykketoft. The 39-year-old political scientist and former minister of taxation has reached a position in the big opposition party as the compromiser who works for results rather than involving himself in the more barren role of agitating against the four-leaf clover government.

Mogens Lykketoft has actually been his party's main figure in the two really big compromises reached with the conservative government since its formation three years ago. The first occurred on 11 December 1982, the Devil's birthday, and dealt with the adjusted interest on pension funds. When the compromise was sanctioned in the social democratic group in the Folketing, it resulted in one of the extremely rare occasions of applause in the party's meeting rooms in Christiansborg. Lykketoft's second break-through occurred this year: the broad tax reform compromise of 19 June.

The "Chrome-Plated" Economist

Lykketoft is among those the late Per Haekkerup alluded to when years ago he fired a broadside at his party's many "chrome-plated" economists who created ideas en masse--but rarely any that survived the political acid test.

Back then Mogens Lykketoft sat behind the scenes in the labor movement's job council where he for 15 years made the ammunition used by labor in its encounters with the social democratic government.

Lykketoft discovered that practical politics is something completely different when to his own surprise he was named minister of taxes and tariffs after Karl Hjortnaes in January 1981. Anker Jorgensen gave him no time for consideration and a pleased Lykketoft imposed no conditions.

It was not easy for him to make his debut in an exposed position in a government of which a number of ministers after the election later that year believed that Anker Jorgensen ought to tender the government's resignation.

But Lykketoft was part of the ministerial team, and up to the present his destiny has primarily been to make himself known politically in opposition.

Today Lykketoft is perceived in his party as neither custodian nor debutante. Four years in the Folketing group have put him in the foremost, style-setting row, even though some of his fellow party members--especially those with the most seniority--think that his career has progressed rather too quickly.

Therefore, if he is to make it all the way to the top where some would like to see him, his chances and possibilities will probably increase the longer it takes Anker Jorgensen to step down. And according to the party chief, that will happen before he turns 70, which will be within the next 7 years.

Mogens Lykketoft is well-liked by his peers without being one to hand out too many jovial pats on the back. His problem is that he is perceived both in the party and by the electorate as the competent and very knowledgeable tax technocrat.

According to sources, the former tax minister would like to shed this label and be part of a job rotation that would allow him to deal with politics more directly. But he will probably not be allowed to do this before the many loose ends of the tax reform have been bound up into a bouquet of legislative proposals.

#### SF Courtship a Pretense

Clearly the first priority during the past year's political activity has been to straighten and clean up a Danish tax system that has grown wild. At the start of these negotiations, Lykketoft warned against sticking dogmatically to solutions that would hinder a tax reform.

A half a year ago Lykketoft really stuck his head out. After an opinion poll predicted a purely Social Democrat/ Socialist People's Party constellation, he was perceived as a "dirty red" when he courted the Socialist People's Party.

It was just a pretense. The purpose was to get the Socialist People's Party out in the open before the tax reform negotiations with the government entered a decisive phase. He did not even think the courtship would be successful because his primary stipulation was that the Socialist People's Party back the social democratic program "The Way of Solidarity" without compromises.

Or as he said to applause at the party congress last year: "In reality, the Socialist People's Party is shifting sand organizationally and political over-bidding. And it is not an especially socialistic act to solve the problems of society by spending the national product twice a year...." A politician from the Socialist People's Party characterized Lykketoft as "a concrete Stalinist

trying to play God." But Lykketoft's purpose was to mark the boundaries before the spring tax negotiations accelerated.

If the Social Democratic party steers a more middle of the road course at this week-end's annual meeting, Lykketoft could be one of those who does not have his political future behind him.

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POLITICAL

DENMARK

## SOME FIRMS EAGER TO JOIN IN SDI, EUREKA PROJECTS

### Arms Firm Viewing Both

Copenhagen BERLINGSKE AFTEN in Danish 23-29 Aug 85 p 10

[Article by Victor Andersen: "Firms Take Up Where Country's Official Policy Leaves Off: Jutland Firm Participating in Both Star Wars and Eureka"]

[Text] The plans for European technologic cooperation under the code name Eureka slowly are about to become reality. Here in Denmark, a study group has been appointed and invitations have been issued to more firms than the original hand-picked group of participants. Additionally, financing problems are being confronted.

What will come of the European technologic cooperation under the name Eureka, to which Foreign Minister Uffe Ellemann-Jensen and Education Minister Bertel Haarder said "Yes" on behalf of Denmark at a meeting in Paris on 17 July? That meeting is now a month in the past. What has happened in the meantime?

At the least, a clarification has occurred respecting whether private Danish firms can participate in both Eureka and President Reagan's Star Wars project, SDI. For a number of European governments, Eureka is a type of escape route. They do not want to participate in SDI, but would like to participate in peaceful technologic progress. Eureka thus becomes their escape. The same also is true for Denmark. As department head Aage Andersen of the Ministry of Industry puts it: "Denmark will not officially participate in anything which even resembles SDI. But if there are private firms which want to participate, we cannot prevent it."

Various Danish firms are close to having such an interest. There is confirmation already of this fact in the formation of a firm which also will participate in Eureka.

That is Per Udsen Company Aircraft Industry A/S in Grenaa which already is a supplier for the F-16 fighter planes. It also contributed to proposals in the Danish idea-catalog for the foundational meeting for Eureka in Paris.

### What Does The Weapons Law Say?

Director Povl Paulsen of Per Udsen tells WEEKENDAVISEN: "We expect a part of Eureka, while at the same time we are very interested in participating in SDI. The only thing which may prevent that is the definition of SDI. That is still unknown to us and we also have not had the opportunity to reconcile it with the Weapons Law."

Additionally, the firm is working directly for the American air force. During this very week, the firm has received a new development contract with the United States Air Force. The contract covers helicopter equipment which is to be developed and manufactured as a prototype in Grenaa and then tested outside of Denmark.

Otherwise, expectations regarding Eureka are varied. Assistant director Hans-Erik Hansen of the Industrial Council says: "Everyone still is waiting for everyone else. Only when a central office is established--to which inquiries can be directed--will it be possible for firms to demonstrate a more concrete interest."

BERLINGSKE TIDENDE's monitor also is not counting his chickens before they are hatched. He says that Bertel Haarder's well-spoken advance optimism concerning everything which Eureka will bring to Denmark is too euphoric, and he quotes Woody Allen for a characterization of the Paris meeting: "The answer was 'Yes,' but what was the question?"

### Formation of DIME [Danish Inter-Ministerial Eureka-Group]

In the meantime, there are some who feel that gradually the ground has become a bit firmer.

The French Eureka presentation requested that participating countries establish a so-called contact point. In France itself, that is the national technology center, Cesta.

In Denmark, in response to this challenge, a loosely-organized cooperative effort has been implemented between civil servants from four ministries: Department head Kate Will Andreasen and senior clerk Lasse Rasmussen from the Ministry of Industry, department head Vibeke Hein Olsen from the Research Secretariat within the Education Ministry, senior clerk Christian Faber-Rod from the Foreign Ministry and consultant Lars Teit Hansen from the prime minister's office.

"This will now be our practical and informal Danish method for doing it," says department head Aage Andersen.

Department head Vibeke Hein Olsen says: "I have just found a name for us today. It will be DIME, which stands for Danish Inter Ministerial Eureka-Group. I tried to find something that could result in the acronym, Dollar, but that was not successful. We must be satisfied with Dime."

(Vibeke Hein Olsen is not the only one who has been inspired by Eureka to resort to desparate word games. THE ECONOMIST recently has twisted the Latin "To the heights through hard work" (per ardua ad astra) and come up with the heading: Per 'ardware ad astra).

#### Hunting for Money

The money and financing side of Eureka also is being worked on now in Denmark. Aage Andersen says that inquiries to the Financing Institute for Industry and Crafts, as well as venture capital companies and funds of various banks, are being prepared right now. In France, the government has offered to contribute what corresponds to 1.3 billion Danish kroner. There is no indication yet of what the Danish government may offer.

The financing side is important for all of the participating Danish companies. Development director Leif Kjaergaard of the Danish Sugar Companies confirms for WEEKENDAVISEN that this is the most important motivation for participation by firms. The Sugar Companies are experimenting, among other things, w/ith an improvement of sugar beet seeds so that farmers' costs for insecticides can be limited. These research efforts which include facilities in Germany, France, Italy, Austria, Spain and England have been paid for by the Sugar Companies themselves.

#### Meeting in Hannover

In the schedule of events for the future, several additional ministerial meetings have been set. A distinguishing feature of Eureka is that countries outside of the Common Market also may participate. Norway, Sweden, Finland, Austria and Switzerland are participating.

The participation by other Nordic countries has resulted in the Danish education minister and his colleague, Minister of Industry Ib Stetter, arguing that the Nordic countries ought to consult carefully with each other. This will occur at a meeting of education and industry ministers on 15 October, following the elections in Norway and Sweden.

Thereafter, Bertel Haarder and Uffe Ellemann-Jensen are invited to a new plenary session regarding Eureka on 5-6 November. On this occasion, the meeting place is Hannover. From early on, Germany has wanted to share the start-up honors with France.

Department head Aage Andersen says that obviously developments involving Eureka initiatives in other countries are being watched while the ministerial meeting is awaited. England is working energetically on the matter of commercial financing of Eureka projects and has issued invitations to a special meeting on this subject for finance people.

#### Additional Danish Firms Participating

Additionally, the English government has an idea that Eureka projects, and goods which may result therefrom, should have free access to the participating countries' markets. They recommend a free internal Eureka market. It remains

to be seen what the European Commission will say about such a project. Friendliness at the commission level is hardly overwhelming regarding something like Eureka which is going off on its own non-EC-authorized way.

Efforts are being made to expand the group of Danish firms involved in the Eureka project. Our ministers took to Paris a hastily-assembled summary of ten firms and two research institutes which were hand-picked for this purpose by the Research Secretariat in the middle of the summer. But these pioneers will not have an exclusive right to participate. Therefore, applications are being sought by various means from other firms and research institutes as well, and assistant director Hans-Erik Hansen of the Industry Council advises that the first new industries already are on their way.

Euphoric support in Denmark for Eureka has not occurred yet. But things also are not absolutely quiet.

#### Research Freedom Endangered?

If Eureka becomes a significant track to technological cooperation and to developmental leaps, the cooperation between industry and science may come in a new light. In such a case, the polytechnic teaching institutions and universities in the Eureka countries perhaps will feel that they are being pressured into result- or goal-oriented research to the jeopardy of basic research. Similarly, scientists perhaps will feel that their research freedom is threatened if they are involved in research projects which are made confidential for fear of industrial espionage.

Vice-chancellor Ove Nathan of the University of Copenhagen has expressed such a fear over the radio concerning Eureka and he issued a reminder that Stanford University in the United States declined to participate in industrial research.

Vice-chancellor Peter Lawaetz of Denmark's Technical High School told WEEKENDAVISEN that for the moment, he has not had any reason to be uneasy about cooperation between his teaching institution and Danish industry. Cooperation occurs preferably through the individual institutes and there are clear rules regarding how this is to occur:

"But if the cooperation should undergo a significant increase, perhaps supported by significant public funds, there will be a new situation which we will need to evaluate."

#### SDI Participation by Researchers

Copenhagen INFORMATION in Danish 24-25 Aug 85 p 4

[Article by Hans Korno Rasmussen: "Danish Researchers Allowed to Participate in Star Wars Project"]

[Text] Vice-chancellor Ove Nathan says that it is not possible to know whether some already are participating.

"There is nothing in the scientific system which can prevent Danish researchers from participating in the American Star Wars project. We only have the rule that if anyone receives money from a fund, it must be registered and made public in the teaching institution's year book. But it takes time before such a fund registration is made public--often from one to one-and-a-half years--so, it is not possible to know whether someone already is participating." This is the comment of Ove Nathan of the University of Copenhagen to INFORMATION.

[Question] "Do you know of any instances of Danish researchers who are participating?"

[Answer] "No."

[Question] "Would you deny that it is happening?"

[Answer] "I have no comment on that, but if someone is involved, they certainly would not advertise the fact. The reason that I am interested in this matter is that I have seen how much space it occupies in the trend-setting scientific journals in the United States and England. They have written much about conflicts which have been caused in instances where several institutions have declined to participate in the Star Wars project.

"Thus, when I became aware that Americans, on an individual basis, crossed over the ocean to find cooperative partners, there was not a lot of fantasy necessary to imagine that a project of such magnitude also somehow would come to Denmark. Therefore, we need to be aware of what is occurring in that area."

#### Political Problems

"There already are some signs of individual contracts with researchers at the University of Edinburgh. But there are other means by which the same thing can be accomplished. For example, the Americans can locate a group in Europe which is working on something which they can use, and therefore, they are offered a research contract. And there is nothing in Denmark which can prevent Danish researchers from participating in that fashion.

"But political problems can arise in Europe when one is participating in research which is so secret. The research must be undertaken by people whom the Americans trust and that means that the individual researchers and research groups must be cleared in advance, and since there are far more left-oriented people and communists in Europe, this may create some problems."

[Question] "What do you think about the Danish government's position on the Star Wars project?"

[Answer] "I believe that the government has adopted an entirely proper attitude. Education Minister Bertel Haarder has said flatly that the military is not to be the driving force in Danish research. And I agree completely with that. But this does not prevent Danish participation."

Mirrors in Space

[Question] "Are you not worried that Denmark will lag behind technologically if we do not participate in the project?"

[Answer] "No, because I am very skeptical about a large part of the project. It also is apparent that many Americans are shaking their heads over the ideas that are behind the Star Wars project. It contains many special components, such as, for example, super-powerful laser beams or huge mirrors which are to sail around out in the atmosphere. And I do not believe that these projects will have any significance for Danish industry. Additionally, I believe that the disadvantages arising out of the project's secrecy are so great that it cannot benefit Danish industry."

[Question] "What will you, as the vice-chancellor, say if Danish researchers participate in the project?"

[Answer] "There is nothing illegal about participating and we neither can nor will issue any moral code involving the areas in which research may take place. But my personal belief is that one can sell oneself too cheaply. In addition, there can be no benefit to institutions of higher learning through participation in such secret research projects. The project also is not suitable for teaching and therefore will be in conflict with everything which we otherwise stand for," concludes vice-chancellor Ove Nathan.

Unhindered by Folketing Resolution

Copenhagen BERLINGSKE TIDENDE in Danish 13 Sep 85 p 7

[Article by Hans Jorgen Poulsen: "Danish Firms May Participate in Space Defense"]

[Text] The Radical Liberals are warning that sanctions against South Africa are being blurred together in the political debate with possible intervention against private Danish firms' interest in contracts involving Star Wars defense.

The Danish parliamentary majority decision that "Denmark is opposed to the stationing of weapons in outer space and to research and development of such weapons" does not stand in the way, according to Prime Minister Poul Schluter, of private Danish firms or individuals entering into contracts in the SDI projects--the so-called Star Wars defense.

A possible Danish involvement in SDI without government participation has been mentioned during the Danish prime minister's visit in the United States. Defense Secretary Casper Weinberger downplayed at the time the significance of Parliament's decision on 14 May--which was supported by the Social Democrats, the Radical Liberals, the Socialist People's Party and the Left Socialist Party, without the support of the governing coalition parties. He undoubtedly was emphasizing how private Danish firms would be able to participate in the project.

In a comment on Weinberger's statement, Poul Schluter emphasized that there can be no government involvement in research of this type. This also means that Danish teaching institutions which are supported with public funds cannot conduct research into space-based defense. But for private Danish firms, civil engineers and other technicians, there is nothing in Danish commercial law which prohibits such participation.

In the light of the proposed initiatives for an extensive trade boycott, including all-inclusive technology, against South Africa, there has been a comment during the debate concerning whether it would not be possible to imagine a political intervention in Denmark which would prevent Danish firms' potential involvement in SDI projects.

The foreign policy spokesman for the Radical Liberals, Member of Parliament Arne Stinus, warned BERLINGSKE TIDENDE against drawing parallels between the South Africa sanctions and private participants' possible participation in SDI:

"The two things do not have anything to do with each other. South Africa involves changing an /existing/ situation. If we mix this up with the existing situation in South Africa, we risk damaging that which otherwise should be achieved through a broad majority in Parliament. I cannot imagine a law which would prohibit a Danish firm from participating at its own expense in SDI. That would be an intervention in commercial freedom in Denmark."

The Social Democratic defense policy spokesman, Member of Parliament Lasse Budtz, says that the prime minister is correct that there is nothing which prevents private Danish firms from entering into SDI contracts: "The law naturally can state that there can be /no/ participation in research projects which involve militarization of space. However, I would think a lot about a law of that type," he said to BERLINGSKE TIDENDE.

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POLITICAL

FINLAND

STALINISTS, CPSU ACT TO HEAD OFF COMMUNIST PARTY SPLIT

Minority Newspaper Voices Concern

Helsinki TIEDONANTAJA in Finnish 27 Aug 85 p 2

[Editorial: "With All Their Might Against a Split"]

[Text] The group of conservative SKP [Finnish Communist Party] leaders has decided to split the party's and the SKDL's [Finnish People's Democratic League] election coalitions this fall. They intend to start the final dissolution process at the September Central Committee meeting and culminate it in the expulsion of the eight district organizations siding with the party at the October Central Committee meeting.

Dissolution is justified on the basis of the eight party districts' "separate activities" and "parallel activities." In this way they are trying to mislead party members and public opinion. More and more evidence is accumulating that it is in fact the present leadership that engages in parallel activities in violation of party principles, the main party line, the political resolutions of the 20th Congress, international relations and the rules. The liquidation of the SKP as a communist party is at the end of this course of parallel activities.

Realization of this line requires dissolution. This is why the Aalto leadership team is demanding that the eight party districts give up the advocacy of the party, renounce their rights as provided in the rules and fully submit to the rule of the conservatives. The same requirement in fact applies to the great majority of party members. Since members siding with the party cannot submit to this, they are initiating expulsions.

The splitting of the SKP and SKDL election coalitions would not only be a serious crime against the party itself, the People's Democratic movement. A split would be a national calamity. It would threaten the gains workers have obtained through their struggle, the whole worker movement position and our country's prospects for democratic development. It would open the doors to the growth of Conservative Party influence and to the majority in Parliament the nonsocialist parties aspire to. A shift to the Right could also disastrously affect the outcomes of future presidential elections. All things considered,

a split would decisively help big capital and the Right's efforts to change the direction of our country's entire postwar development.

This was what the conference of representatives of the eight SKP district organizations and the other party organizations that publish TIEDONANTAJA, held at the end of the week in Hauho, estimated the consequences of a split would be.

The conservative SKP leadership does not, however, have any more support for its plans from members of the party and the movement and supporters than it does from foreign friends of the party either. Primarily, it has only the support of the reactionary districts. This is why a split can be prevented, but only through extreme efforts.

The Hauho conference urged the party organizations and members to take action to prevent an election split, to develop relations with affiliated parties, especially the CPSU, and to institute joint measures to unify the party.

Every Communist must now choose his position and bear the historical responsibility for it. Remaining silent and failing to act during these fateful times would mean giving one's blessings to a split.

#### Youth Group Also Divided

Helsinki TIEDONANTAJA in Finnish 29 Aug 85 p 6

[Article: "Hard Line Drives Youth League into a Blind Alley"]

[Text] At the meeting of the Finnish Democratic Youth League (SDNL) Central Committee held last weekend, they confirmed the fact that the SDNL is also divided on the basis for the plans they had formulated even before the 14th SDNL Congress in talks with the hard line.

Politically, the Central Committee was poorly prepared and everything was focused more on the SDNL's internal organizational issues. The league's hard line leadership was not in fact in any way interested in the UUSI VALTA meeting to be held at Nokia and this was also apparent in the Central Committee.

At the seminars of the UUSI VALTA meeting they plan to discuss the Youth League's key operational tasks and the SDNL newspaper UUSI VALTA. At one seminar they intend to concretely plan how to develop the campaign for a shorter work week and to build up the most badly run-down working youth activities of the Youth League. The topic of another seminar will be fighting solidarity, a day's labor contribution to the South African liberation organization, the ANC [African National Congress], and to Nicaragua, to be implemented this fall.

First secretary Heikki Suortti should be responsible for the practical arrangements for the UUSI VALTA meeting.

Although the meeting is only over a week off, posters and other materials have not yet appeared in the districts. Without the Nokia SDNL's big contribution, the preparations would be in bad shape.

For the hard-liners political initiatives like the shorter work week and the day's labor contribution are developed as political facades under the cover of which a purging and disruption of the SDNL are being planned. The exchange of membership cards and "reform" of the party cell network as well as the charges of having organized "parallel activities" leveled against vice chairman Markku Kangaspuro were raised as the chief issues at the Central Committee meeting. The hard line regards as organization of parallel activities the fact that Kangaspuro attended numerous cell and district meetings outlining the key operational tasks for this fall. Thus the hard line is actually accusing Kangaspuro of having organized activities, which does not fit in with the hard line's plans.

Tragically is the fact that the hard line itself met as early as at its group meeting on Friday to discuss "parallel activities" in the Youth League!

At the present time the most dangerous proposal for the entire Youth League is, however, the exchange of membership cards. In the SDNL's present operational and organizational situation an exchange of membership cards is, on the whole, a suicidal policy, to say nothing of the fact that through it they are only trying to purge the Youth League and discriminate against people. The "reform" of the cell network is an essential part of this effort.

When the Central Committee discussed the exchange of membership cards, organizational secretary Myllyviita was asked whether the computer records are under the control of a league committee. In reply to this question, Myllyviita said that he himself, education secretary Vallivuori and an office employee have access to the computer records. At the November meeting of the Central Committee they intend to approve those cells that can exchange membership cards on the basis of district proposals. Myllyviita, however, confirmed the fact that there are districts that may make motions opposed to the league, on which occasions the Central Committee may ignore district motions. In practice this means that the hard line will approve the cell network it pleases and in this way keep the organization "under its thumb," that is, it will institutionalize Youth League chairman Arvo Aalto as a faithful servant. The very fact that former political secretary Tapio Kangas has been chosen as the new district secretary of the Etela-Hame district organization gives rise to interest in the nature of the exchange of membership cards.

#### Kivimaki Issues Unity Appeal

Helsinki HELSINGIN SANOMAT in Finnish 9 Sep 85 pp 3, 12

[Article: "SKP's Own List of Names of Visitors to the CPSU"]

[Text] As we know, the Communist Party moderate leadership has proposed a visit to the CPSU by a large delegation in the Soviet Union at the end of September and in early October.

According to reports, last week the SKP Politburo decided to propose to the CPSU a visit by representatives of all 24 of the SKP district organizations. Included would be representatives of the nine "old" and seven "new" moderate districts and the eight Stalinist districts.

Last month the news agency TASS announced an invitation by the CPSU that included only the district secretaries of the 17 "traditional" SKP district organizations, whereas the new moderate districts were not invited. The form of the CPSU invitation aroused resentment in the ranks of the moderates.

In the SKP they take it for granted beforehand that the CPSU will take no note of the moderate leaders' counteroffer.

SKP moderate leaders' relations with the CPSU are raised in a memorandum by Erkki Kivimaki, who is one of the party's background figures, in which it was proposed that relations be restored.

In the memorandum delivered to moderate and Stalinist leaders in August, Kivimaki expresses the opinion that relations between the SKP and the CPSU are not in good shape. To normalize relations, he proposes that a program for negotiating be drafted and that a date be agreed on for consultations with the CPSU.

#### Kivimaki Bids for More Time

Helsinki HELSINGIN SANOMAT in Finnish 9 Sep 85 p 12

[Text] Sometimes referred to as the godfather and financial magnate of the SKP, Erkki Kivimaki has proposed that the SKP take more time to prevent the split the party is threatened with.

According to Kivimaki, they must not return to a factional division like the former one, but must seek new viewpoints. In his opinion, the chief responsibility for the party lies with the party leaders.

In mid-August Kivimaki submitted a memorandum to SKP moderate and chairman Arvo Aalto and to Stalinist head man Taisto Sinisalo in which he proposed that the party's organizational problems be resolved in connection with the preparations for the next party congress.

The leading figures of the different SKP factions: Aalto, Aarno Aitamurto, Sinisalo, Kivimaki and Jouko Kajanoja, have met a couple of times over the past few months to find some sort of basis for discussion for party unification.

The meetings did not produce results. As we know too, Kajanoja was to attend the powwow in August, but Aalto did not agree to it.

In the nature of an appeal, Kivimaki's memorandum has not yet been discussed in the party, at least not more extensively so. Having served as acting first

secretary of the SKP in the late 1970's, Kivimaki is one of the kindred spirits of former SKP chairman Kajanoja.

Serving as first secretary of the Finnish-Soviet Society, Kivimaki's relations with the CPSU are considered to be good and he has for a long time been very influential in the business management of the SKP.

In his memorandum Kivimaki proposes that only one district organization operate in each of the operational areas of the SKP districts. This should be achieved through a decision by the members of each district by the next party congress, which is to be held in 1987. Commanding all the seats in the party leadership, last winter the moderates established their own districts in the eight Stalinist districts.

One part of Kivimaki's "reconciliation package" is a solution to the press problem, which he proposes be handled on the old basis. At the end of the year, in 1983-1984, during Kajanoja's term in office and under Kivimaki's direction they drafted a solution, the intent of which was, among other things, to lead to a closedown of the Stalinist mouthpiece, TIEDONANTAJA. The moderates scrapped the solution in May 1984.

Kivimaki proposes the restoration of normal relations between the SKP and the CPSU by drafting a program for negotiating and agreeing on a consultation date with the CPSU.

According to Kivimaki, the SKP's international relations, "especially and most importantly from the standpoint of Finnish-Soviet relations, are not in good shape" and the SKP has gotten into "a difficult position" in its relations with the CPSU.

According to Kivimaki, the SKP has lost the foreign policy initiative and its prestige. "The reason for all this is above all here in Finland and among ourselves, because at no point have there been any changes in the CPSU's attitude toward the communist movement in our country."

#### Discussion Again

Kivimaki proposes that the party organs at all levels again discuss the party's situation and take a stand on the question as to whether to split the party or attempt to unify it.

Kivimaki proposes an end to mutual accusations, also to those directed against individuals, and that they prepare for the next parliamentary elections in unified fashion. According to the memorandum, there is also reason to consider a vote by the members that would provide counsel before the party is split in two.

The moderate SKP Central Committee is to meet next Friday and Saturday. At that time they intend to send the Stalinist districts a message in which they will insist that they want them to abandon their separate activities. There

will be a new meeting on 13 October, when expulsion of the Stalinist districts will begin, the way things look now.

Moderates Demand TIEDONANTAJA Closing

Helsinki HELSINGIN SANOMAT in Finnish 14 Sep 85 p 10

[Article by Kyosti Karvonen: "Tough Terms for Stalinists"]

[Text] Karjalohja—The moderate SKP leadership set tough terms for a Stalinist minority return to normal party activities.

Meeting in Karjalohja, the Central Committee sent the eight Stalinist districts a letter the sharp wording of which twisted the heads of both the Stalinists and the "forces for unity."

The Central Committee gave the Stalinists until 7 October to start taking the steps demanded by the party leadership and reply to its letter.

The leaders demand of each district that it accept the decisions of the two previous party congresses and the Central Committee, which were in keeping with moderate aspirations, begin to carry them out and compel its members to return to the ranks of the party.

The party leaders also demand that the Stalinist districts cease publication of the Stalinist mouthpiece TIEDONANTAJA and break off relations with the TIEDONANTAJA association which publishes the newspaper.

They also demand of the Stalinist districts that they participate in the SKDL election campaign complying with decisions made in the SKP and the SKDL.

The party leadership urges the Stalinist districts to make their proposals with regard to choices of district secretaries and normalize membership data and other relations with the Central Committee. The list of demands ends with a request to pay the Central Committee the membership dues that are due it.

The party leaders announced that they are ready to engage in supplementary discussions with the districts individually "about the matters mentioned in this letter."

The moderates end their ukase with the statement: "The Central Committee will deal with your district organization's membership in the SKP on the basis of your reply."

The Central Committee plans to meet next on 13 October, when the Stalinist districts will most likely be kicked out of the SKP. The Stalinist districts plan to hone their reply very soon.

## Vainionpaa Reads Message

Acceptance of the sharply worded decision was preceded by first secretary Esko Vainionpaa's at least equally sharply worded outline of the internal situation.

According to Vainionpaa, it is now a question of the eight Stalinist districts' ceasing their parallel activities.

"The doors to a Stalinist return to party activities will open if they dissolve their organizations and agree to cooperate in the election campaign on the basis of moderate decisions," Vainionpaa said.

Vainionpaa presented a long list of sins committed by the Stalinists for a period of over a year. The latest item on the list of sins was a letter by the Stalinists which, according to Vainionpaa, was sent to the affiliated parties "last March over the heads of the Central Committee." In the letter "they requested the affiliated parties to intervene in the internal affairs of the SKP," he said.

Before his speech, Vainionpaa tuned up his reading skill by reading to the Central Committee the message from the CPSU that had been presented to chairman Arvo Aalto at the Soviet Embassy at 1700 hours on Wednesday.

The CPSU's message last fall was delivered to a broader audience. The recipient this time was Aalto alone. The letter was simultaneously delivered to Stalinist head man Taisto Sinisalo and former chairman Jouko Kajanoja.

The SKP Politburo will set about drafting a reply to the CPSU letter next week.

### "SKP Is Not a Forced Labor Institution"

According to reports, nothing worse was said about the CPSU letter in the Central Committee, which will also receive a report on the proposal for a program of cooperation between the parties sent to the CPSU by the Politburo. As we know, it has already been announced to SKP leaders that the CPSU will not even discuss the proposal.

Aalto was pressed for his opinion of the warning contained in the CPSU message that a division of the SKP would also have a negative effect on Finland's foreign policy.

According to Aalto, the SKP's position on foreign policy is clear and a responsible party leadership is reacting seriously to relations between the CPSU and the SKP, a fact reflected in the decisions made by the Central Committee.

According to Aalto, the decisions made by the moderates since last spring have promoted cooperation between Finland and the Soviet Union and also co-operation between the CPSU and the SKP.

According to Aalto, the decisions that have been made "probably do not require much explanation." "They are aimed at a restoration of unity and, if the Stalinists want to exclude themselves from the party, it is their choice," Aalto said. "The SKP is not an institution of forced labor," he added.

According to Aalto, the decisions that have just been made are based on the judgment that the Stalinists do not want to yield, but will choose another path.

#### CPSU Issues Warning

Helsinki HELSINGIN SANOMAT in Finnish 14 Sep 85 p 10

[Article: "CPSU Unceremoniously Backs Stalinists"]

[Text] The CPSU has sent the moderate SKP leaders a letter in which it assumes the position of supporting SKP Stalinists and "forces for unity" more clearly than ever before.

The letter was sent in the name of the CPSU Central Committee and it had been discussed in the CPSU Politburo. The moderate SKP Central Committee received the letter Friday.

In its letter the CPSU does not indicate with so much as a word that the SKP Stalinists should go their own way; just the opposite, the letter makes a strong appeal for them to return to their former course of action in the SKP.

What is new in the CPSU's letter is the fact that it does not specify objects of criticism, nor does it mention any names. The letter nevertheless makes it clear that the CPSU finds scapegoats for the division of the SKP only among its moderate leaders.

Also new in the letter is the fact that it expresses in broader and tougher terms than before how the CPSU views the effects of an SKP split on Finnish society and especially on foreign policy. Thus the letter confirms the Soviet estimate of the situation presented by then member of the Politburo Grigoriy Romanov to the SKP last October.

The letter raises the parliamentary elections, which the moderates and the Stalinists will be entering on separate tickets, as an entirely new issue.

#### Threat to Foreign Policy

According to the CPSU, the SKP leaders are aiming at separate moderate and Stalinist election coalitions in the next parliamentary elections. This would lead to a noticeable reduction in the party's strength. The letter continues:

"This (division of election coalitions) would considerably weaken the position of President (Mauno) Koivisto's democratic forces as the foundation for a foreign policy line aimed at friendship and cooperation with the Soviet Union.

As a result of this, a new configuration of political forces would in fact take shape in the country in favor of the Right, which would inevitably be reflected in a negative way in the country's foreign policy line."

#### People's Democratic Newspapers Criticized

The CPSU is also seeking support for its appeal for unity from other parties: "The CPSU knows that any policy line whatsoever that weakens the fraternal friendship of the SKP and the CPSU, the good neighbor status of Finland and the Soviet Union, does not and cannot enjoy the support of the vast majority of Finnish Communists, nor of your country's other political forces either, which, while not sharing the goals of the Communists, operate from the point of view of national interests, value friendship and cooperation with the Soviet Union."

The letter also sharply criticizes the press, which follows the moderate line, aside from the party leaders.

"Unfortunately, we have to assert that, since the 20th SKP Congress, the traditional fraternal attitude toward the CPSU and the Soviet Union has, contrary to the public statements that are sometimes made, noticeably declined in the actions of the party leadership and the press it controls."

"More and more often cases arise in which the newspapers of the party and the organizations closely affiliated with it depict Soviet policy and socialist reality in a distorted light and sanction libelous statements about the nature of relations between the CPSU and the SKP."

"They have even gone so far as to suggest that it would be desirable to renounce party relations and break off relations with the Soviet Union, which would presumably promote the success of SKP activities."

"Actually, this is aimed at shaking the confidence of the people of Finland in its relations with the Soviet Union. We know of no case in which the governing organs of the SKP have publicly condemned such actions or even dissociated themselves from them," they say in the letter.

#### Leaders Are Splitting the Party

The letter, which is dated 10 September, twice alludes to the CPSU's estimation of the situation last fall. In it the CPSU was of the opinion that the SKP split began at the 20th Congress in May 1984.

At that time the moderates occupied all of the leadership posts when the Stalinists rejected the posts that had been offered them.

"Unfortunately, we have to assert that this development was not stopped, it being instead further reinforced," the letter says.

According to the letter, "the current actions of the party leaders will in fact lead to an organizational split of the SKP."

24 October 1985

The CPSU accuses the moderate leadership of being unwilling to negotiate with the Stalinists "with regard to the ideological differences that constitute the basic cause of the SKP crisis."

In plain language the letter supports "the party organizations and communists," that is, the Stalinists and former chairman Jouko Kajanoja's peripheral "forces for unity" by pointing out that they are labeled the "opposition" when they express concern for the fate of the party and that "the publication of communist newspapers is declared to be a 'separate activity' which is supposedly in conflict with the goals and interests of the party."

#### "Irreparable Damage to Friendship"

The CPSU reiterates that it supports the resolution made in 1983 during Kajanoja's chairmanship, according to which a split must be excluded as a means of resolving SKP problems.

According to the CPSU, "those who for personal, factional or other reasons follow the path of dissolution of the SKP, whatever form it may take, cause irreparable damage to your party's interests and to the friendship between the CPSU and the SKP and between our countries."

The form of expression may conceal a warning to the extreme faction of the minority which has in some of its papers gone farther than the minority led by Taisto Sinisalo generally does and raised the need to prepare for the founding of their own party.

According to the letter, in addition to the CPSU "the other affiliated parties too" know that the vast majority of communists are of the opinion that "the SKP is, as it was before too, a united, ideologically sound, internationalist party."

The CPSU urges the SKP Central Committee to follow "the path of restoration of unity to the SKP, to all of its 17 district organizations" and hopes that the viewpoints presented in the letter will be taken into consideration.

To make doubly sure, at the beginning of its letter the CPSU emphasizes that in its relations with the SKP and the other affiliated parties it follows the "principles of proletarian internationalism, equality, independence and solidarity and the principle of respecting the freedom to choose different kinds of paths in the struggle for progressive social reforms, socialism."

#### Split Seen Speeding Decline

Helsinki TIEDONANTAJA in Finnish 30 Aug 85 p 8

[Article by Jaakko Laakso: "If the SKDL Election Coalitions Are Split, the Right Will Advance Unopposed"]

[Text] Finland's conservative forces are already counting on the next parliamentary elections' introducing such substantial changes into the political

balance of power that, for example, the question of the Conservative Party's responsibility to govern is seriously being raised as an acceptable alternative.

The forces of the Right expect the results of the 1987 parliamentary elections to differ significantly from the results of earlier parliamentary elections, especially as concerns overall support for the Left. They believe that with the splitting of the SKDL election coalitions fewer than ever leftist parliamentary representatives will be elected to Parliament since World War II.

As early as last spring Economic Commission (EVA) general director Max Jakobson hastened to demand that the results of the parliamentary elections must also be reflected in the composition of the government to be formed after the elections. According to Jakobson, the prime minister's seat and the leading government party positions must be taken away from the SDP.

#### Support for the SKDL Would Plummet

A decision on the splitting of the SKDL election coalitions was made by a small group of People's Democratic bureaucrats on the initiative of SKP chairman Arvo Aalto and Esko Vainionpaa. In early June the decision to split them was confirmed at a secret "district secretary meeting" held at the Sirola Institute, a meeting to which all of the SKP districts were by no means invited. There is no reason at all to suspect that the current leadership of the SKP is aiming at splitting the election coalitions, although this does not give them the right to end the campaign for unified election coalitions.

Last spring Vainionpaa publicly announced the decision on election splitting made by the group of bureaucrats well in advance. In his outspoken way Vainionpaa stated that about 10 current members of the SKDL parliamentary delegation, for example, would under no circumstances any longer get to be SKDL candidates in the coming parliamentary elections. The same applies to all those whom Aalto and Vainionpaa have labeled "TIEDONANTAJA supporters" or "Kajanoja supporters."

The small group of bureaucrats is not in the least worried by the fact that with an election split the SKDL parliamentary delegation would be considerably reduced in size from what it is now for reasons of election mathematics alone. There are at present 27 representatives in the SKDL delegation, but dividing the Communists and the People's Democrats into different election coalitions would drop the number of SKDL representatives to 15 or 16 representatives. Let us bear in mind that 50 SKDL representatives were elected in the 1958 parliamentary elections.

#### SDP's Influence Would Diminish

It seems that the SDP leaders have not sufficiently sat down and thought about what a split of the SKDL election coalitions would mean from the standpoint of the total support for the Left and the SDP's own positions. For example, in a joint lead article published by the Social Democrats' provincial newspapers this week they dismiss the consequences of an SKP split by asserting that it would not involve "a very big change."

We also get the impression that the SDP leaders think that a splitting of the SKDL election coalitions would bring the SDP more votes from those districts that used to vote for the People's Democrats. According to this view of things, in some election districts the SDP might even have a chance to acquire more parliamentary representatives.

The SDP would not, however, under any circumstances get 10 more seats as a result of the splitting of SKDL election coalitions, although some additional votes would be drained off by the SDP. A splitting of the election coalitions would probably leave many confused, traditional SKDL voters entirely at home rather than their voting in large numbers for the Social Democrats.

As early as last spring some conservative newspapers predicted that the Left might lose its stipulated minority in Parliament if the SKDL election coalitions are split. While this would not yet happen, the Left's strength would in any event be less than it is now in Parliament.

In the present government the SDP has ministerial posts corresponding to the entire parliamentary strength of the Left. If and when support for the Left in Parliament declines, it will also be directly reflected in the SDP's positions in the government and more extensively too in the party's national position. The SDP's national influence would diminish as a result of a splitting of SKDL election coalitions.

The Center Party is already preparing for the new balance of power situation predicted by the Right that will accompany a splitting of SKDL election coalitions. Center Party leaders envisage the possibility of aiming for a leading position in the government and the prime minister's seat for the party after the elections. The question of the Conservative Party's participating in the government is still to be deliberated in the Center Party, although even that is not to be excluded if its own objectives cannot otherwise be attained.

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POLITICAL

FINLAND

CP'S STALINIST PRESS ORGAN STEPS UP ATTACKS ON MAJORITY

International Communist Relationships Damaged

Helsinki TIEDONANTAJA in Finnish 5 Sep 85 p 2

[Editorial: "Communist Party Relationships"]

[Text] It is understandable that KANSAN UUTISET (KU) is trying to cover up the anti-international attitudes of the present leadership clique of the Finnish Communist Party (SKP) toward its sister parties and to soothe their worries. But last Wednesday's behavior by KU must be seen as a childish demonstration and a direct indication of despair.

When it told of the meeting of the CPSU general Secretary Mikhail Gorbachev and French Communist Party general secretary Georges Marchaise, KU elevated to a central issue the statement in the communique according to which each communist part determines its own policies, completely independently according to the situation in its own nation.

The same matter has been noted in the same words for many decades in the international conference proceedings of the communist and labor parties. Of course each communist party is independent. The international unity based on proletarian internationalism is not in conflict with independence. On the contrary, it is a prerequisite to true independence, for correctly taking into consideration the national conditions and for the ability to take responsibility for its own country's laboring class. National independence is not independence, but dependency on the bourgeois class.

KU attempts to use the commonplace comment of the communique to bolster the nationalistic position of the SKP's current leadership clique. This is why it represents an old and familiar matter as if it were new. Similarly it purposely presents the traditional formulation of the communique, according to which the different valuations and viewpoints on different matters and even occasional differences of opinion resulting from different conditions cannot be obstacles for the maintenance and strengthening of the relations between the communist parties as well as for the development of solidarity.

But the present problems of SKP do not lurk in this. SKP has normal relations with the CPSU and other sister parties. Instead, the present leadership

clique of the SKP does not have normal relations with the sister parties, because that leadership clique set itself against the political decisions of SKP's 20th party congress, relates dishonestly and in uncomradely manner to its sister parties and above all aims at the dissolution of the party.

TASS Warning

Helsinki TIEDONANTAJA in Finnish 6 Sep 85 p 2

[Editorial: "Warning by the Soviet Union"]

[Text] In a statement transmitted by the news agency TASS, the Soviet Union announces that in case the United States goes through as intended with its experiments with antisatellite weapons against a free target in space, the Soviet Union will consider itself free of its unilateral obligation of not taking antisatellite weapons into space. The TASS statement reminds us that the entire responsibility for the further development of events is wholly on the American side.

The United States announced recently that it intended to perform experiments in the near future with its antisatellite ASAT system against a real target in space. The question is of actions which lead to the manufacture, deployment and extension of a new class of weapons into space.

The obligation of not launching antisatellite systems, unilaterally ratified by the Soviet Union, has now been in effect for two years. At the Geneva talks the Soviet Union has made a far-reaching suggestion for the banning of space weapons, including antisatellite weapons, altogether, and for the destruction of any such already existing weapons.

The United States has answered the unilateral moratorium and constructive suggestions of the Soviet Union by stepped-up armaments in this area. In the Geneva talks the United States sharply declined to review any actions against banning and restricting antisatellite weapons.

The United States has previously also thought that it could beat the Soviet Union in the arms race, break the strategic military balance and reach a position of superior strength by sheer arrogance and with a scientific-technological head start. Time after time the United States has erred. Also these calculations in Washington for breaking the balance with the help of Star Wars will prove to be fantasies. The latest announcement by the Soviet Union is a welcome reminder of that.

The Soviet Union does not oppose the Star Wars venture because the United States is advanced in this area. This is an argument the representatives of the Reagan government have used to defend Star Wars. The Soviet Union is capable of scrapping by various means the illusion of superiority based on Star Wars. The Soviet Union opposes the Star Wars venture because it would lead to irrational acceleration of the arms race and to the growth of a dangerous threat of war.

In his interview given to the United States TIME magazine and in other statements, the general secretary of the Soviet Union, Mikhail Gorbachev, has tirelessly appealed to the U.S. side's sense of responsibility and the necessity to show political courage, so that the arms race could be stopped and the road opened to the improvement of relations between the great powers, and to the improvement of the international situation. According to Gorbachev it is immoral to waste hundreds of billions on the development of destructive weapons, when hundreds of millions of people suffer from hunger and lack the basic necessities. The Soviet Union itself has vast plans for speeding up its own social and economic development and it would much rather use every ruble now spent on defense for peaceful purposes.

Secret Memorandum Attacked

Helsinki TIEDONANTAJA in Finnish 6 Sep 85 p 2

[Editorial: "Secrets Revealed"]

[Text] TIEDONANTAJA has frequently accused the present party leadership of aiming to splinter the Finnish Communist Party (SKP) and the whole people's democratic movement. When it is remembered that along with ideological differences, the suspicions that have grown up over the years also have their roles in the internal conflicts of SKP, these accusations have been taken among some honest communists and people's democrats to be slanders associated with party conflict.

The selections from the Aalto group's secret memorandum and decisions, published in this paper last Friday and today, indicate, however, that the attempt at dissolution has been even more premeditated and calculated than TIEDONANTAJA had ever contended.

It has been apparent that at the same time when the party leadership has spoken of "open doors," it has locked up even the names of those persons who were responsible for dissolution in each organization, including the trade, social and sports organizations.

It would be desirable for these documents to become as well known as possible. So that it would open the eyes of as many party members as possible to see what really is the question with regard to the dissolution of the SKP and the actions of the present party leadership.

TIEDONANTAJA will continue the exposure of the secret memoranda each week.

Rightist Leadership Wants Split

Helsinki TIEDONANTAJA in Finnish 10 Sep 85 p 2

[Editorial: "Secrets Made Public"]

[Text] The secret memoranda of the conservative leadership clique of the SKP are startling reading. The memoranda reveal cynical calculation,

dishonesty and irresponsibility which would be hard to believe if it were not there in black and white. The memoranda were written in the belief that the party membership would never know about them, that all would remain secret.

The memoranda confirm that the dissolution of the party and the way it was to be accomplished were and are in accordance with the conscious aims of the conservative group. All the public talk of "unity" and "open doors" are aimed only at misleading the party membership and its friends.

The memoranda revealed once more that the mode of operations of Aalto's leadership clique is to disregard the party folk, the party organizations and even the central committee and to operate behind their backs. The aims of the ruling clique cannot stand the light of day nor member democracy. This the ruling clique can't afford because of its minority position in reality, which the memorandum even acknowledges.

The memorandum reveals the attitudes of Aalto's ruling clique toward dissolution, fully conscious of the implications of the dissolution. The attempts to make others believe in the successes engendered by the dissolution or at least in the new growth following temporary losses were meant as public appeasements. In private the support for and position of the SKP are expected to weaken considerably and in all likelihood permanently. But what this all means to the workers, to the labor movement and the interests of the people, to this the present ruling clique hardly gives a thought. Perhaps the understanding of the significance of the communist party has already dimmed so thoroughly that they did not even think of touching on the national effects of the party's dissolution, at least for the sake of appearance. Instead they think all the more intensely about securing the positions of their own clique. The independent labor organizations and people's organizations are important to Aalto's group for this and only this purpose; the secret papers designate the persons responsible in each of these organizations for the work of dissolution. The honest folk working within these organizations, and even other political organizations, have reason to stop and think whether or not they should submit to efforts that will harm the organizations.

No other leadership of any party worth considering would confirm, even in their secret memoranda, what the SKP's present ruling clique confirms about its relationship to the CPSU. It coolly advises to prepare for the eventuality that, as the result of the party dissolution, the CPSU will sever its relations with SKP or that at least the relations would be "formal and cool."

Attempts are thus made to dissolve the party with full consciousness of the damage it would cause to international relations. The question is not only of suicide politics unique to the Finns. When we consider the significance of SKP and the CPSU for our laboring classes and the interests of the people, the question is of the worst class apostasy and national irresponsibility.

TIEDONANTAJA has revealed and will continue to reveal the secret memoranda of Aalto's ruling clique in order to alert the party members and friends to act in order to save the party.

POLITICAL

ICELAND

PEOPLE'S ALLIANCE PANEL REBUKES CHAIRMAN SVAVAR GESTSSON

Details on Secret Report

Reykjavik HELGARPOSTURINN in Icelandic 5 Sep 85 pp 8-9

[Text] The Executive Council of the People's Alliance held a meeting on 29 July this year. On the agenda was, among other things, the party's election preparations. The results of public opinion polls this year had not exactly been anything to celebrate. Chairman Svarar Gestsson was especially concerned about the declining support for the People's Alliance, particularly among young people, and at this meeting his topic of discussion was the lack of interest among the younger generation in the ideology of socialism. These informal deliberations ended by the chairman proposing that a committee be appointed to study the People's Alliance with respect to the younger generation. Answers should be found to the reasons why the party does not enjoy much support among young people and how the party could reach those people. Three women were appointed to the committee: Gudrun Helgadottir, member of parliament, Kirstin A. Olafsdottir and Rannveig Traustadottir, Town Council member in Hafnarfjordur. At this stage, several women who attended the meeting remarked that whenever any problems related to young people come up, women are always appointed to that committee and it would therefore be appropriate to call the committee "mothers'committee." This name was, of course, meant to be sarcastic. It was therefore deemed advisable to appoint a male to the committee as well.

The conclusion was that Svarar Gestsson volunteered to serve on the committee. Efforts were also made to pressure Ossur Skarphedinsson, editor of THJODVILJINN to serve on the committee but he declined on the grounds that he was on his way abroad on vacation. Later it was deemed advisable to appoint young people to serve on the committee; thus Gudny Tulinius and Hrannar Aranason, chairman of the Youth Organization of the People's Alliance in Reykjavik, were appointed.

Women Formulate the Document

Svarar Gestsson attended the first working meeting. Then the chairman dropped out. The young people, Tulinius and Arnason, had little to do with the committee. Tulinius was considerably more involved, however, as she attended most of the meetings as an adviser on behalf of the young people in the

People's Alliance. It was therefore up to the three women to formulate and document ideas and resolutions concerning the problems of the People's Alliance. The women soon found out that this was not an isolated and unique problem the party had with respect to just young people, rather that this was a problem the party had with respect to voters in general. It would therefore be necessary for the party to view the findings of the committee as an overall problem the People's Alliance is facing.

Rannveig Traustadottir said the following to HELGARPOSTURINN about the work of the committee in general: "We were given the task of reflecting on these problems. We performed this task in a very short time. It is therefore not possible to talk about any definite conclusions. We made conclusions about how the party and its work appear to young people and voters in general. The main objective of the committee's work was to generate discussions within the party about the party's problems."

Gudrun Helgadottir told HELGARPOSTURINN: "The party has been declining in the opinion polls. It is therefore imperative to find out where the problem lies and generate discussions about it."

#### Leadership Bypassed

And a discussion followed the committee's work.

The committee submitted an opinion in a relatively short time. Within 2 weeks the women had put their ideas on paper and Traustadottir typed the document which filled over two pages. At a meeting of the Executive Council on 12 August, Traustadottir acted as a speaker for the committee. The problem of the committee was manifold. Firstly, the committee was airing the ideas and criticism that had mainly been heard in the women's wing of the party, among the young people and had been seen in print on the pages of THJODVILJINN devoted to the resistance movement. But these ideas had to be presented in such a way that they would not cause anger in the leadership of the People's Alliance so the discussion would not end with the traditional accusations of the leadership about "betrayal of the cause," "unrealistic criticism that is water on the mill of the conservative powers" and so forth. The committee had to present its findings in such a way that the conclusions would create concern among the party leadership and those in power within the party so that they would take note of the criticism and be willing to begin an open discussion about the problem the People's Alliance is facing.

The committee's conclusion was copied and distributed among the people attending the meeting, numbering over twenty in all. In this manner, the women were able to better crystallize their ideas as well as giving them more weight. Traustadottir was 'diplomatic' in her introduction. She was careful to minimize the criticism in sensitive areas and explain thoroughly all factors of the resolution that might cause alarm and fear among the party leadership. It might perhaps be said that she used female cunning on the males. Nonetheless, considerable concern seemed to prevail among the three women that the leadership would go into reverse due to the clear and poignant tone of the report. But they received unexpected support at the meeting. After Traustadottir's speech, Olafur Olafsson, who has worked for Mal og

Menning [left-wing book store and publishing house], spoke. He has been a great force in the People's Alliance Youth Organization and the party leaders have always paid attention to him. In his speech, Olafsson declared that on behalf of young people in the party he wanted to state that this document could not look any other way. Still another support from above came to the women's aid. Helgi Gudmundsson, former town council member from Akureyri and currently on the staff of ASI [Iceland Federation of Labor] asked for the floor. Helgi Gudmundsson declared his full support for the conclusions of the committee and thereby the weight of the labor movement had been put on the scale. Now the leadership had been put into a corner and forced to participate in an open discussion about the problems with the reasons for the conclusions of the "mothers' committee." An unnamed member who attended the meeting said to HELGARPOSTURINN: "This is the first time that the party leadership participates in a discussion on criticism of its own work methods."

#### Labor Affairs Omitted

The committee's report was to the point: The party has stagnated; it is a routinely male party, boring and undemocratic. In the eyes of most people it has failed in fighting for improved benefits for wage earners; it spends most of its efforts in defending what it is or what it was. The party puts on an act where pompous men stand at the podium and talk down to the masses in a bureaucratic manner. The committee members do not elaborate on labor affairs. That was done on purpose: The bickering about the party's labor policies has landed in infertile soil--disputes between the People's Alliance and ASI, and it is of no use to sink into that mire. A man who is a People's Alliance representative told HELGARPOSTURINN: "The labor discussions within the party leadership are becoming intolerable. The shows Gudmundur J. Gudmundsson [PA member of parliament and chairman of Reykjavik General and Transport Workers' Union] stages have become such that one does not know whether to laugh or cry. He attends the meetings, hunched over, stirs the tobacco in his pouch and mumbles. Then he will get excited over some criticism, jumps up and slams doors." The "mothers' committee" therefore wants to keep all discussions about the party outside all shows and staged events.

But, of course, the leadership did not like everything that was stated in the committee's conclusion. Svarar Gestsson and other party members attending the meeting, harshly criticized much of what was stated in the conclusions, and emphasized to the members attending the meeting that this document had to be treated with great care. Kristin Olafsdottir: "The discussion is now with Executive Council. That is a great victory. It has been difficult up to now to get the Executive Council to participate in a debate of criticism. The tendency has been that the leadership beats its chest macho style and says: "We are big and strong! Now, however, the discussion has been launched within the leadership and as a result there is some hope that it might be possible to work in the party."

Should the conclusion of the committee be viewed as a lack of confidence in the leadership of the People's Alliance?

"This is not a lack of confidence in the leadership," says Gudrun Helgadottir to HELGARPOSTURINN. "We simply don't want to be like the other parties. We do

not want one man or very few men representing the party, telling people within and outside the party what policy is being pursued by the People's Alliance. We want to open the discussion and the party along with it."

Kristin A. Olafsdottir has the following to say about that to HELGARPOSTURINN: "This is not a declaration of a lack of confidence. Quite the opposite, we do have confidence in our colleagues on the Executive Council, that the problems the party is facing can be discussed with them.

#### Committee With Leverage

After many and illuminating discussions at this meeting of the People's Alliance Executive Council it was decided that the conclusions of the "mothers' committee" be sent to the People's Alliance Youth Organization for study and then back again to the Executive Council. The conclusion of the "mothers' committee" is primarily conceived to be an inter-party document that will draw the attention of party members to the status of the People's Alliance now and motivate them to start thinking about suggestions and ways out of the party's predicament. Although the committee was originally formed to promote interest among young people in the People's Alliance, committee members underscore emphatically that this is a greater problem, for it concerns the status of the party in general. But how important is this document and what ideas and old currents does it resemble?

Firstly, the document is written by three prominent women in the People's Alliance: Gudrun Helgadottir, former city council member in Reykjavik and a member of parliament, who has been the most diligent in fighting the party's male leadership in speech and writing; Kristin A. Olafsdottir who has worked for the party for years and Rannveig Traustadottir, who is a town council member in Hafnarfjordur; Hrannar Arnason (Kristin A. Olafsdottir's son) who is the chairman of the party's Youth Organization in Reykjavik. The funny thing about this committee is, of course, that the chairman himself, Svarav Gestsson, who in the eyes of many party members has become synonymous with male and conservative powers in the People's Alliance, serves on it. Gestsson, however, quickly withdrew from any work on the committee which he probably regrets enormously after reading the conclusions reached by the committee where the swords are first and foremost aimed at the party leadership under his chairmanship.

#### Political Unity Fermenting

What is perhaps the most interesting about the conclusions of the "mothers' committee" is that it reflects political unity that is fermenting within the party and may prove to be dangerous to the party's "old" power clique. The resistance movement is composed of three groups: the party's Women's Movement; the THJODVILJINN group and the young people in the Youth Organization. Party-affiliated women in the People's Alliance have rallied together during recent months, making themselves heard more on the outside. In that connection, the article by Gudrun Helgadottir in THJODVILJINN can be mentioned. The women's criticism of the power holders in the party is in short that a few men "plot" in out of the way places and then emerge looking extremely important and soothe and reprimand the girls and other critics in a

fatherly manner. All realistic and active participation of the women within the party is suppressed, "particularly if this involves the highest and most influential positions."

Gudrun Helgadottir tells HELGARPOSTURINN: "The People's Alliance suffers from the same disease as do other parties; the power goes to only a few. The leadership forges ahead without any consideration being given to other party members." The women are also greatly concerned over the fact that the male leadership of the People's Alliance is old-fashioned in its way of thinking, speaking and behavior. One influential woman within the People's Alliance tells HELGARPOSTURINN: "When Steingrimur Sigfusson arrived here in the south to become a member of parliament, I thought that now a young, contemporary man would be added to the parliamentary group of the People's Alliance. But he was just as old in his way of thinking and behavior as the other fellows. He even writes poetry the old way!"

After Einar Karl Haraldsson quit as editor for THJODVILJINN, young and new powers got a free rein at the paper. To be sure, Olafur Ragnar Grimsson had been allowed a free rein during the last months of Einar Karl Haraldsson's tenure and put new life into the paper. But it was only after Ossur Skarphedinsson became the editor of paper and Oskar Gudmundsson editorial representative that the paper became a self-critical and independent voice in the People's Alliance mechanism. During a very short time span, those chaps succeeded in evoking bottomless anger of the ASI leadership and for a while Skarphedinsson's editorial chair seemed a little shaky. But he withstood the tremors, and many other attacks, covert and overt, have been launched against him since. Skarphedinsson does, however, have the full support of the editorial management. The THJODVILJINN people have mainly criticized the party leadership for holding back the discussion about the party and for being reluctant to listen to new voices and to participate in the political power game and the national life in the same way as any other systematized party does. Ossur Skarphedinsson says, for example, in a whole page article in THJODVILJINN on 3 August this year: "A party that is unable to scrutinize its position thus trying to adapt to changed conditions has simply become the prey of stagnation and very little but the precipices of modern time awaits it."

Oskar Gudmundsson says in a staged exchange of words with himself that was published in the Insight section of THJODVILJINN on 24 August this year: "Do you think that the owners' club in the party is by nature any different from other party owners' clubs? Actually, it does not matter; what matters is where the people are, the movement, my friend. The crisis in the People's Alliance is first and foremost that too many people have abandoned it." Others feel that the People's Alliance is too weak in the government opposition. Kristin A. Olafsdottir phrases it as follows when speaking to HELGARPOSTURINN: "The party has not had enough strength to withstand the attacks by the right powers on the wages and benefits of the people in the country. But the fault is also with the labor movement."

If some of the articles written by Skarphedinsson and Gudmundsson in recent months are scrutinized, it is possible to read between the lines all the criticism of the party that is to be found in the frank report of the "mothers'committee."

And now the young people are on their way to join the unity of the party's women's movement and the THJODVILJINN group.

#### What Will Gestsson Do?

The discussion about the People's Alliance crisis did in fact begin here in HELGARPOSTURINN. On 28 March 1985 Olafur Ragnar Grimsson said in an interview with a HELGARPOSTURINN reporter: "There is a crisis in the People's Alliance. That is quite clear. The party leadership must do some heavy house cleaning in order to successfully change defense into offensive." And later: "This cannot go on for long. And whether this means conflict or not I cannot say."

Conflict or not? Most party members are now gazing at the People's Alliance National Congress that will be held on November 7, the very day of the Russian Revolution itself. It is obvious that this meeting will be interesting. The debate that has begun within the People's Alliance will without a doubt become full-blown at the national congress. Gudrun Helgadottir phrases it as follows: "I do think it likely that a certain tone will be heard at the congress. It will no longer be tolerated that the leaders read a certain selected passage to the masses. The truth of the matter is that at the national congress we are always supposed to listen to what the leadership has accomplished. There is no time left for general discussions."

But the criticism of the overbearing of the party's male leaders is not only limited to power dominance. The average party member is gravely concerned about the dwindling class awareness among the leaders, fading cultivation of ideology and paralysis of the will to fight. It is the opinion of many party members that the party's parliamentarians and its representatives on the City Council have become merged into the system.

Will the resistance force gather wind in the coming weeks and strengthen the political opposition against the ruling forces within the party? Is it possible that this new solidarity consisting of the women, the THJODVILJINN group and the young people will succeed in rattling or even breaking the foundation of the old male power system and then what awaits the People's Alliance? Is it then also possible that this new movement will bring forth a candidate for chairman to challenge Svavar Gestsson? Many people look toward Olafur Ragnar Grimsson in that respect. Or will Gestsson grab these new currents and utilize them in the party machine instead of letting them block it? At this time it is difficult to answer these questions--and some others as well. But one thing is certain: Chairman Svavar Gestsson is in deep trouble these days and he must play his cards wisely if he is to succeed in keeping the party together and strengthening its following in the coming elections. Public opinion polls, difficulties in cooperating with the labor movement, increasing disunity within the party and now most recently the criticism by the "mothers' committee" are all clear signs of hard times ahead for the People's Alliance leadership. But let us not forget that Svavar Gestsson and other men in the People's Alliance leadership can make many moves in the game.

## **Secret Report of People's Alliance Executive Council**

Following is the report from the "mothers' committee" that was appointed by the Executive Council of the People's Alliance on 29 July 1985. The report is published in its entirety, without any remarks or changes by HELGARPOSTURINN.

### **Several Points to Consider**

From the "mothers' committee" that was appointed at a meeting of the Executive Board 29 July this year:

The committee's task is to study the PA [People's Alliance] with respect to the younger generation. Why does the party have such little support among young people and what can the party do to reach this group? The following people served on the committee: Gudrun Helgadottir, Kristin Olafsdottir, Rannveig Traustadottir, Savar Gestsson, Gudny Tulinius and Hrannar Arnason from People's Alliance Youth Organization.

Following are the "conclusions" reached by the committee in three parts:

1. Why does the PA have such little support among young people?
2. What can the PA do to reach young people?
3. What are the best ways to reach young people?

It is appropriate to state at the beginning that the main conclusion reached by the committee is that the problem the party is facing concerning young people is not limited to this age group but involves the party's problem concerning voters in general. It is therefore necessary to view the "problem with the young people" as a part of a greater problem, a problem that is imperative that the party view in its entirety.

#### **1. Why Does the PA have Such Little Support Among Young People?**

##### **Political Trends in General and the Young People**

Today, the trend is to the right and luxury is the fashion. Young people want to get ahead; they work hard at their education and in business, they are in stiff competition with each other trying to get well paid positions that yield access to luxury. There are no longer any pieces of the pie within the public sector and the young people are therefore looking at private enterprise for future possibilities. The rightist powers support private enterprise and thereby promote future possibilities.

##### **People's Alliance and the Young People**

Young people know very little in general about the PA, the party policy, ideology, issues, ideals, etc. The party has been too busy defending the system and its previous performances in governments and on the City Council. The People's Alliance has not pitched its ideology (socialism) against the ideology of the rightist powers (liberalism), but has left it to the rightist powers to explain to the young people what socialism is. Young people do not

believe in political parties. In their eyes, political parties are corrupt, old fashioned, boring and undemocratic. Especially the "old" system parties. There the People's Alliance is no exception, the party is boring, undemocratic and a stagnated system party that first and foremost wastes its strength in defending what it is or what it was. It is a party that keeps the the closest guard on the system as it is and does not light the road ahead to embark on new possibilities or new future hopes. In the eyes of most people, it has failed in the fight for improved benefits for the wage earners. On top of all that, the party is a male party; those who represent the party are males middle aged or older.

That is the image young people--and others--have of the party.

## 2. What Can the PA Do to Reach Young People?

What the PA can primarily do to counter the rightist ideology that has become a hit, is to promote the ideology of socialism. A party that has an ideology it believes in can captivate the masses. The ideology of socialism about a new and improved society of equality and justice is our answer to the youth.

At the same time it is necessary to point out how antagonistic liberalism is. The People's Alliance must change its working methods: become more democratic, more pleasant, more contemporary, etc.

The external image of the party must be changed. For example, people other than the serious and important looking "old" males should represent the party. Young people and women must be seen.

An example of an aborted attempt to change the party's image: At the last national congress, two women were elected to the council of the People's Alliance but they have neither been heard from nor seen since.

## 3. What Are the Best Ways to Reach Young People?

New ways--not traditional publishing of pamphlets. Find new ways to reach the young people, for example, music--video tapes, something fresh and new. People who represent the party must watch their language; the old bureaucratic style no longer works.

But above all: It is of no use to stage an act. If the image to be presented is that of a pleasant, democratic party with a bright vision to the future, solid ideology and a clear policy, then the party must be like that in reality.

### Chairman Comments on Report

Reykjavik MORGUNBLADID in Icelandic 5 Sep 85 p 8

[Article: "PA Chairman Svavar Gestsson Answers Accusations From Mothers'Committee in HELGARPOSTURINN Interview: 'Absurd, Totally Absurd'"]

[Text] [Question] In the report from the so-called "mothers' committee" it is stated that young people know very little about the policy of the People's

Alliance, the party's ideology, issues, ideals and so forth. The party has been too busy defending the system and its actions in previous governments and on the City Council. Do you agree with this?

[Answer] "The core of the problem in Icelandic politics is the weak position of the left movement. The rightist powers have made the split of this movement the cornerstone of their offensive. Political opponents of the leftist powers have attacked our actions in governments and on the City Council and we have had to defend them."

[Question] The "mothers' committee" arrived at the conclusion that the People's Alliance is like the old system parties: a boring, undemocratic and stagnated system party which primarily devotes its strength to defending what it is or what it was.

[Answer] "To each his own. But the People's Alliance is a democratic party. That is an indisputable point. The other is debatable. But, of course, there is dissatisfaction among party members regarding poor participation. We would have liked more participation in the party."

[Question] It is maintained that in the view of most people, the People's Alliance has failed in its fight for improved wages and benefits for wage earners?

[Answer] "This is absurd, totally absurd. The People's Alliance is the only party that has fought for the benefits of the wage earners!"

[Question] In direct continuation of this point it is stated: "On top of that, the party is a male party; those who represent the party are males middle aged or older."

[Answer] "The political age of a person is very relative. On the other hand, I do not agree with the criticism stating that the People's Alliance is a male party. The People's Alliance has a greater number of active women within its ranks than any other Icelandic political party."

[Question] In its report, the committee maintains that there is very little in the party's work and policies that is exciting, pleasant, new, fresh and attractive in the eyes of young people.

[Answer] "I have no doubts about it that the party must be livelier in its presentations. We must introduce our views in a fresher and newer way and in that way, among other things, work toward making the party stronger than it is today."

[Question] As an example about an unsuccessful attempt to change the party's image, the committee pointed out that at the last People's Alliance National Congress, two women were elected to the People's Alliance Central Committee but they have not been seen or heard from since.

[Answer] "This is totally absurd! Both these women, Margret Frimannsdottir and Vilborg Hardardottir, are active in the party work. Margret Frimannsdottir is

chairman of the Stokkseyri County Council and an alternate for Sudurland and Vilborg Hardardottir is the party's deputy chairman and chairman of the Central Committee. It would make more sense to ask about the women who represent other political parties. Half of the People's Alliance Central Committee are women. On the other hand, there are too few women professional politicians in the party. But if you look at the number of women who serve as representatives for the People's Alliance and women who serve on the local government boards on behalf of the party, then it turns out that the number of women in the PA parliamentary group is almost equal to that of men."

[Question] The most serious accusation brought forth by the committee is perhaps that the People's Alliance does not show itself in the right light. It is stated verbatim: "It is of no use to stage an act. If the image to be presented is that of a pleasant, democratic party with a bright vision to the future, solid ideology and a clear policy, then the party must be like that in reality." What do you have to say about this point?

[Answer] "This is totally correct. It is of no use for a democratic party to stage an act. I do not feel that the People's Alliance has staged an act. Just the opposite, the party has exerted itself. I do not want to give my fellow party members any grades by saying that they have been parading in disguise. They have done their work with great sincerity.--The discussion is being actively generated within the whole party--a vigorous discussion that will yield considerable results for us."

#### People's Alliance Newspaper Comments

Reykjavik THJODVILJINN in Icelandic 6 Sep 85 p 3

[Editorial by og] "Vigorous Discussion"

[Text] For some time now THJODVILJINN has been conducting a thorough discussion about the problems of the leftist movement, the left-wing political party and the labor movement. People on the left have, of course, wanted to see a better result of their political struggle than what it has in reality been during the past months. The leftist political movement has been able to tackle its problem in a democratic manner in recent months. It is pleasurable that instead of accepting the apathy and the inertia, people have begun to tackle the problem, discuss the issues and seek measures to make its movement more democratic, more pleasant and create a bright future vision. A political movement that has the strength to go through a period of difficulties, define its problems and confront it in the manner that the People's Alliance is now doing, will without a doubt win--the people's road to victory. And as Svavar Gestsson, chairman of the People's Alliance, said in an interview with HELGARPOSTURINN yesterday: "The discussion is being actively generated within the whole party--a vigorous discussion yielding considerable results for us."

Chairman's Proposals Rejected, Amended

Reykjavik MORGUNBLADID in Icelandic 11 Sep 85 p 9

[Article: "Dissolution at People's Alliance Executive Council Meeting: Gestsson's Proposals Rejected or Amended"]

[Text] Not Allowed to Be Only Keynote Speaker at Central Committee Meeting

The goodbyes were cool between the chairman of the People's Alliance, Savar Gestsson, and the members of the Executive Council after a meeting of the council dissolved Monday evening. By that time, the chairman's proposals on speakers at the party's Central Committee meeting to be held October 4-6 had been rejected or amended. Moreover, Olafur Ragnar Grimsson, chairman of the Executive Council, commented on Hjorleifur Guttormsson, member of parliament and former minister of industry, being the speaker at the party's meeting to be held on Sunday 22 September, on a policy study for a new offensive in labor affairs. He said, among other things, that Guttormsson's participation in the study meeting would give it a "political bias."

Among the things to be discussed at the meeting of the Executive Council was the comment of the People's Alliance Youth Organization on the conclusions of the so-called "mothers' committee" on the status of the party which the council had received. The comment was never discussed, as the meeting dissolved due to disputes between the chairman and representatives of the council. The People's Alliance Central Committee meeting is to be held 4-6 October and the main tasks will be the preparation for the national congress which is to be held 7-10 November, and discussion of internal party affairs and foreign affairs.

During discussion at the meeting of the Executive Council, Chairman Savar Gestsson stated that in his opinion, he himself should be the keynote speaker about the party's status and internal party affairs at the Central Committee meeting. Gudrun Helgadottir, member of parliament, made a motion, however, that Rannveig Traustadottir, one of the members of the so-called "mothers' committee," should be the keynote speaker. A motion was supported by the members of the meeting and by the Chairman of the Executive Council that both Savar Gestsson and Rannveig Traustadottir would speak. Gestsson also made a motion that Olafur Ragnar Grimsson, Hjorleifur Guttormsson and Gudrun Helgadottir would handle the discussions on foreign affairs at the Central Committee meeting. Grimsson stated that he could not see what business he had in that group and declined and said that it would be sufficient to have Guttormsson and Helgadottir handle the matter.

The people on the Executive Council who spoke with MORGUNBLADID do not agree on what the final outcome of these matters was, as the meeting dissolved at this stage but the next meeting of the Executive Council will be this Monday. Another newsworthy item from this meeting was that Executive Council Chairman Olafur Ragnar Grimsson remarked upon the fact that Hjorleifur Guttormsson is

supposed to give a speech at a study meeting on a policy for a new offensive in labor affairs on Sunday, 22 September. It has been announced that Guttormsson will deliver "a reflection on politics and labor development." He said that his opinion is that Guttormsson's presence as a speaker would put a "political bias" on the study meeting. He also made an inquiry about who had made the decision that Guttormsson would make this speech. No answers were available to that, neither from the party chairman nor others, but Helgi Gudmundsson and Ossur Skarphedinsson who were on a preparation committee for the study meeting, stated that the preparation committee had nothing to do with this.

#### Columnist Comments on Rebuke

Reykjavik MORGUNBLADID in Icelandic 12 Sep 85 p 9

[Commentary by 'Staksteinar': "People's Alliance Chairman Knocked Into Corner"]

[Text] 'Staksteinar' today will discuss the political hardships of Svarav Gestsson who is now in hot water within the Peoples Alliance. At the meeting of the People's Alliance Executive Council on Monday evening, Gestsson met with resistance; his proposals were either rejected or amended. An article written by Thorsteinn Palsson 1979 [Independence Party Chairman] in the book "The Uprising of Liberalism" is also quoted.

#### Dissolution in People's Alliance

There does not seem to be any way out for People's Alliance Chairman Svarav Gestsson, as many party members choose to turn their back to him rather than lend him a helping hand in times of difficulties. The meeting of the People's Alliance Executive Council last Monday evening dissolved after a clash between the party chairman and other members attending the meeting. The chairman's proposals were either ignored or amended. Also, Executive Council Chairman Olafur Ragnar Grimsson refused to meet with Gestsson's request to deliver a speech on foreign affairs at a Central Committee meeting to be held in the beginning of October.

People's Alliance Member of Parliament Gudrun Helgadottir made a motion that Rannveig Traustadottir--not the party chairman--would give the keynote speech on the status of the party at the Central Committee meeting. Grimsson's compromise that Gestsson and Traustadottir both give a speech was approved.

#### Nobody Responsible for Guttormsson

But the spears are not only aimed at the party chairman; Hjorleifur Guttormsson, former minister of industry, is also under siege. Olafur Ragnar Grimsson remarked that the former minister had been asked to be the keynote speaker at the People's Alliance study meeting on labor affairs, to be held later this month. No one admits having talked to Guttormsson. Helgi Gudmundsson and Ossur Skarphedinsson who are on the study meeting preparation committee for denied being responsible for the former minister. When keeping in mind Guttormsson's past as a minister, it is, of course, no wonder that his party comrades want to accept as little responsibility for him as possible.

## Clear Alternatives

A book called "The Uprising of Liberalism" was published in 1979, written about ideological struggle, the struggle between regimentation and socialism on the one hand and independence and liberalism on the other, as is stated on the cover. All the authors are Independents. One of those is the current chairman of the Independence Party, Thorsteinn Palsson. In his article entitled "What Did We Want? What Did We Do?" Palsson says, among other things: "The Independence Party must offer people clear alternatives. When the party is in power it is not enough to reduce the nation's speed on its way to socialism. The Independence Party must be able to show that it can turn around. Voters support parties that have faith in their own cause. Compromising governments will therefore always weaken the Independence Party. The political struggle is not between those who consider themselves on the extreme "right" or "left." It is about whether there should be a centralized economic system here or economic distribution of power. The Independence Party must convince the voters about which side it is on in that struggle...Independents may even have to convince themselves about the value of the freedom of the individual, the right of private ownership and limitation of public interference. They must convince themselves that the method applied by the socialists in wage affairs has failed. They must convince themselves that the interest is a joint interest issue for places of business and wage earners. The parliamentary group of the Independence Party is once again suffering from the unpopularity and shipwreck of a "leftist" government. But it has not elevated liberalism to the stage that people believe that there are real alternatives in Icelandic politics. A parliamentary group that is not convinced itself about its policy is unable to convince others."

### Increasing Dissatisfaction Isolates Chairman

Reykjavik MORGUNBLADID in Icelandic 15 Sep 85 pp 22-23

[Article by Frida Proppe: "Domestic Arena: Gestsson Isolated While Dissatisfaction Increases Among Party Members"]

[Text] On the "Boring, Undemocratic and Stagnated System Party," the People's Alliance, and Its Chairman

Boiling dissatisfaction is currently brewing among the members of the People's Alliance and all the spears from the powers of dissatisfaction are now aimed at the chairman, Svavar Gestsson who has been isolated and on his own. Gestsson is, among other things, harshly criticized for dictatorship and it seems that he has systematically during the last months alienated many of the party leaders with whom he previously had very good cooperation. The chairman's behavior at the meeting of the Executive Council last Monday is considered a good example of the work methods of the self-willed chairman but at that meeting his proposals, which according to members of the meeting were poorly or not prepared at all, were either rejected and/or amended. People

also elaborate on the party's lack of policy and poor performance in the government opposition, both in the arena of national affairs and on the City Council. Big meetings are ahead in the People's Alliance; a Central Committee meeting in October and the national convention in November. One of the People's Alliance members of parliament says that Gestsson has inferred that he does not intend to stand for reelection as chairman at that national convention but the consensus is that the probabilities are increasing that he will have to stand for reelection due to the prevailing situation. Anything else would be viewed as surrender on his behalf. There are also voices that say that it is a matter of survival to get a new party chairman, a chairman who is able to work with the party members and pull the party out of the apathy that now prevails.

"The party is boring, undemocratic and a stagnated system party that first and foremost wastes its strength in defending what it is or what it was. It is a party that keeps the the closest guard on the system as it is and does not light the road ahead to embark on new possibilities or new future hopes. In the eyes of most people, it has failed in the fight for improved benefits for the wage earners." This passage from the report from the so-called "mothers' committee" about the status of the People's Alliance which was made public last week, is typical of the opinion many People's Alliance members have of their party. The party's problem seems therefore to be twofold; on the one hand, the chairman crisis and on the other hand, lack of policy. One of the party's members of parliament says that the fact that it does not seem that severe wage disputes are on the horizon in the next few months means that the People's Alliance arrives unarmed at the Althing this fall--the crime has been stolen from them with the wage agreements.

#### Strong Powers in Motion Against Sigurjon Petursson

Although all spears seem to be aimed at the chairman, there is no less dissatisfaction with the leadership in general, especially members of parliament and the City Council representatives. It came forth, among other things, in interviews with party members that there are strong powers in motion already to work against the reelection of Sigurjon Petursson, the People's Alliance top man on the City Council, who does not seem to enjoy much popularity among many party members. The leadership is criticized for many things other than having failed the wage earners. The leadership is, for example, said to have completely failed in opposing the new radar stations; that total lack of policy prevails in fisheries affairs; regional parliamentarians are blamed for failing in their role to maintain funds in their home regions and curb the migration to the capital.

Recently, Gestsson and other leaders have elaborated constantly on the fact that the People's Alliance is a labor party that is based on solid relations with the labor movement. Keeping this in mind, the chairman has acted clumsily in his relations with the party's labor leaders during his term. Repeatedly, the party's main labor spokesmen have been given a kick without any noticeable interference from the chairman. It now seems that the final

string has been cut on any cooperation between them with the election of the party's new Labor Council which is for the most part disconnected from the old leaders. One of those labor leaders says about Gestsson that he is to be pitied and that the People's Alliance is only a shadow of it former self when it was under the leadership of old Ludvik Josefsson. Josefsson ignored all nagging and dissatisfaction and stayed on his course. Gestsson, however, takes everything too hard and reacts in wrong way. This same labor leader says that the poor status of the party is understandable in view of the fact that the current government is strong. It has worked completely differently from most previous governments; it is harder hitting and has succeeded where previous governments have not, although they tried, i.e. to achieve changes in wages and benefits. The government opposition is weak and disunited and therefore it is only natural that the largest opposition party suffers.

#### Chairman's Self-Will Confirmed by Executive Council

Gestsson's work methods are properly described by his behavior at the party's Executive Council meeting last Monday, as party members are now discussing at length. That also reflects the difficult relations between him and Olafur Ragnar Grimsson, chairman of the Executive Council. Grimsson used to work very closely with Gestsson until the turn of this year, but now they barely speak to one another. At the meeting of the Executive Council, preparations were being made for the Central Committee meeting to be held this October when, among other things, the status of the party in light of the "mothers' committee" report and foreign affairs will be discussed. At the meeting, Gestsson proposed that he would himself be the keynote speaker on the status of the party. Gudrun Helgadottir then made a motion that Rannveig Traustadottir, one of the representatives on the "mothers committee," would also speak, which was supported by Grimsson. Helgi Gudmundsson, party secretary, made a motion that Grimsson would be a speaker, as well as Gestsson instead of Traustadottir, but Grimsson said that was out of the question. Gestsson also proposed at the meeting that Olafur Ragnar Grimsson, Gudrun Helgadottir and Hjorleifur Guttormsson would all speak on foreign affairs at the Central Committee meeting. Grimsson declined from being included. This was all to be continued at the next meeting of the Council next Monday and the goodbyes were curt between the chairman and the members of the Executive Council when the meeting ended.

At the meeting, Grimsson commented on the fact that Hjorleifur Guttormsson, former minister of industry, would deliver an address at the party's policy study conference on a new offensive in labor affairs which is to be held Sunday, 22 September. Grimsson said that he felt Guttormssons presence there would put a "political bias" on the policy study conference and demanded information about who had decided on Guttermsson's speech. Helgi Gudmundsson and Ossur Skarphedinsson, who were on the preparation committee for the conference, said that the committee had not made this decision. Gestson did not respond to Grimssons inquiry at all but Hjorleifur Guttormsson said in an interview with the undersigned that he would deliver the speech in question at the policy study conference at the request of the chairman and the managing director of the party, Einar Karl Haraldsson.

### Guttermsson Typical "Old, Stagnated System Male"

Guttermsson seems to be under siege by many party members, and he is considered to be the best example of an "old, stagnated system party male" in the leadership who spends all his time in justifying his actions during his term in office as minister of industry, rather than look ahead and create an attractive policy. The people interviewed also keep talking about the chairman's self-will and dictatorial work methods. The relations between him and Olafur Ragnar Grimsson have been described above, and it is reported that Gestsson reacted strongly when Grimsson issued public statements on the conclusions reached by the "mothers' committee." It is felt that by now, Gestsson rarely consults and advisor. Ingi R. Helgason, director of Iceland Fire Insurance Company and Gudmundur Hjartarson, former Central Bank director, are mentioned as former loyal advisors to the party leaders and it is said that they gave immeasurable support to the party's ministers during the term of Gunnar Thoroddsen's Government. The consensus is that they have gradually withdrawn and one person interviewed says if indeed Gestsson consults an advisor then he looks to Sigurjon Petursson.

One of the points made in the "mothers' committee" report is the party's image to the outside, and it is stated in the report that the party must change its image by, for example, having more people represent the party "than serious looking and 'old' males", as it is phrased. Also mentioned as an unsuccessful attempt to change the party's image, is the election of two women to the party's highest board, i.e. Vilborg Hardardottir to the position of deputy chairman and Margret Frimannsdottir as treasurer, but they have neither been seen or heard from since. This is also mentioned as an example of the chairman's dictatorship, i.e. he makes sure that these people are as inconspicuous as possible on the outside.

The problems of the People's Alliance and Svavar Gestsson seem, according to the above, to be manifold. Based on the situation as it is, it will be difficult for him to withdraw at the forthcoming national congress but strong powers within the party want another chairman. Ragnar Arnalds has been mentioned, for example, as a conceivable compromise, as there seems to be relatively peaceful around him in the party, which cannot be said about others who have been mentioned, for example, Olafur Ragnar Grimsson. It is, however, more likely that Gestsson will be reelected at the forthcoming national congress and an agreement will be reached on a harder hitting policy for the People's Alliance. But that does not mean that the problem has been solved, and a great "overhaul" seems to lie ahead, as one of the people I interviewed phrased it.

### Rocky Around the Isolationist at the Top

Local and municipal elections will take place next spring and people have already started to sharpen their knives to use against Sigurjon Petursson, the top man on the People's Alliance slate. Many faults are found with Petursson, and one of the people interviewed described his status within the party such that people will never be able to forget the image he gave as a party leader on the City Council when a picture of him salmon fishing in the Ellidaar, with a big cigar dangling between his lips, was published in one of the newspapers.

All his behavior is in that same pattern, inappropriate, in the opinion of the average party member. Adda Bara Sigfusdottir has declared that she will not stand for reelection and there is every indication that there will be a primary election to decide the order of candidates on the slate. In addition to Petursson, Gudrun Hallgrimsdottir and Gudmundur Th. Jonsson will probably stand for reelection. It has also been considered possible that Alfheidur Ingadottir will participate in the fight, but according to sources available to the undersigned she is not at all decided; she feels she has had enough after 8 years of being involved in city affairs. Of other names that have been mentioned as conceivable candidates one could mention Ossur Skarphedinsson, editor of THJODVILJINN. In view of the possible candidacy of the THJODVILJINN editor, it is interesting to note that while disputes have increased within the People's Alliance and the support for the party collapses, the new editor seems to have secured his position and his editorial policy, although it has been harshly criticized by party members and the City Council faction in particular.

Although many People's Alliance leaders the undersigned interviewed on the party's status described this clash as being only a "tempest in a teapot," many people chose this description--it is likely that in the next months it will be windy at the top of the People's Alliance which is rapidly getting smaller, especially with regard to the mass media.

PHOTO CAPTIONS [Photos not reproduced.]

1. Gudrun Helgadottir: "The People's Alliance leadership forges ahead without any consideration to other party members."
2. Rannveig Traustadottir: "The main objective of the committee was to generate discussions within the party about its problems."
3. Kristin A. Olafsdottir: "The People's Alliance has not had the level of power necessary to withstand the right-wing attacks on the living conditions of the people in the country."
4. Gestsson--members of the meeting turned against him.
5. Grimsson--declined to give a speech on foreign affairs.
6. Guttormsson--puts "political bias" on the policy study conference.
7. "Future Without Fetters" was the slogan of the 1983 national congress, but as cynical as it may seem, the chairman seems to have elected to place himself and his party in their own fetters--the fetters of isolation of old ghosts. The party members have long ago had enough of the constant defense of the leaders of previous performances, emergency measures and aluminum wars.
8. Joyous leadership celebrates its election at the 1983 national congress. Party members complain, among other things, about the fact that this leadership has neither been seen nor heard from since, i.e. except for Gestsson's comrades.

9. Gestsson congratulates comrade Vilborg on her election to the post of deputy chairman at the 1983 national congress. The old strongman and former indisputable party leader, Ludvik Josefsson, looked downcast when Hardardotti's election was announced and spoke in a low tone of voice to Baldur Oskarsson, on the far left in the picture, while the chairman kissed the deputy chairman.

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CSO:3626/57

POLITICAL

NORWAY

## PRIME MINISTER WILLOCH SETS OUT FOREIGN POLICY OBJECTIVES

Oslo AFTENPOSTEN in Norwegian 5 Sep 85 p 2

[Op Ed Article by Prime Minister Kare Willoch: "Government's Steady Course for Norway: Foreign Policy With Perspective"]

[Text] For a country such as Norway--with a small population, but with great responsibility for significant sea and land areas which are of the greatest strategic significance for the super powers--it is absolutely necessary to pursue firm, clear and well-thought-out foreign and defense policies. The basic goal of /all other/ social endeavors is /security and peace in freedom for Norway./ Therefore, we will not retreat from a debate over foreign and defense policy now that the Norwegian Parliament for the next four years is to be chosen.

We know that we live in a dangerous world, we know that developments in many areas are occurring rapidly and influence our situation--but we also know that there are fundamental relationships which remain firm despite all the changes: the Western democracies' /unity/ and /common ideology/ constitute the very heart of our security, the basis for our way of life, the cultural and spiritual soil which also nourishes our national traditions.

### Consequences of Instability

It is necessary to warn very strenuously against /the consequences/ of a lack of clarity and of instability on the part of Norway. Such instability will invite pressure on Norway and can contribute to developments which are contrary to a /common/ desire for peace and a lack of tension in our area of the world--a desire which also is shared by our allies. Instability will make it more difficult to find practical and mutually acceptable solutions for new and old questions of a foreign policy nature. Above all, instability will weaken Norwegian credibility and make it more difficult to assert Norwegian viewpoints during international debates. Therefore, the government places such decisive weight on following a clear line and a steady course as respects Norway's foreign and defense policies.

### Nuclear Threat

The primary objective of Norway's international efforts is to reduce the threat of a nuclear war, with the catastrophic and totally incomprehensible

results which such a conflict would have. For that reason, we have emphasized with increasing vehemence that it is important for the West to achieve a broad agreement on its longterm policy respecting the Soviet Union and Eastern Europe--a policy which, in addition to a credible military defense, is receptive to a broader contact between East and West.

In the Western world, today we are seeing a United States with an economic and political strength--and with a scientific and technologic growth--which probably is greater than ever before in the country's history. At the same time, we are seeing a Western Europe which cooperates more and more--as respects foreign policy, developmental assistance, economics and markets, research and technology. The expanded Common Market has ever-increasing weight in the world. In the three governing parties' longterm program for the years 1986-1989, it is established that "the government will support expanded contacts with the Common Market and support the idea of a more marked defense profile for Western Europe within the framework of NATO cooperation. A similar partnership between the United States and Western Europe will, in the long run, provide the best security in order that /the basic Atlantic cooperation continues stabile./"

Norway is dependent upon and desires a secure cooperation within NATO on the longer term, and views a greater equality as concerns political power within the alliance as a means for accomplishing this. Thereby, it also will be easier to rebuild the internal unity surrounding a steady defense policy--a unity which Norway needs.

Norway has established special connections with EPS--the Common Market's foreign policy cooperative organization. We are negotiating for a position as a bona fide member in the European organization for space research, ESA. Earlier this summer, we joined the large European research program, Eureka. Economic and trade policy matters are negotiated regularly with the Common Market. We are following particularly carefully the development in the defense cooperation between the leading West European countries and are well informed concerning the work of the West Euorpean Union.

When we in the West must formulate a longterm policy respecting the Soviet Union and Eastern Europe, a stabile military balance is of decisive importance. But political elements must not be shoved in the background, and this is where Western Europe's foreign policy positions are gradually acquiring increasing significance. It is we who share the continent with the Soviet Union, and it is we who for centuries have come to know Russia--/both/ as a power with expansionist tendencies /and/ as a part of the political, economic and cultural picture in our part of the world. We must keep an eye on both of these conditions if we are to break down some of the brutal dividing lines which cut through Europe, and if we are to make human rights a reality, and reestablish some of the personal exchanges between people, goods and ideas which have been Europe's trademark throughout a thousand year history.

We look forward to the American-Soviet summit meeting in Geneva in less than three months because greater political contacts and increased mutual trust are /conditions/ for progress within the critical missile negotiations which also are taking place in Geneva--following the Soviet Union's return to the negotiating table last winter.

### Firmness Creates Respect

It is my strong impression that the Norwegian government's firm defense policy course also is respected by the Soviet Union. At the same time, we have stressed--also to Eastern European leaders--our willingness to contribute to reduced tensions between East and West. This also applies in the economic area. Our relationship with the Soviet Union is good today. The handling up to now of the episodes which have occurred in the North confirm this. I had this same impression confirmed during my conversation in March in the Kremlin with Soviet Prime Minister Nikolai Tikhonov. A few weeks ago, I also had the opportunity in Washington to present to the American leaders--including Vice President George Bush--the Norwegian view of how East-West politics should be conducted. During these conversations, my convictions were strengthened that our American friends want agreements with the Russians on arms control, that they are willing to work for a compromise, and that they, as previously, will hold all-inclusive and detailed consultations with their allies, including Norway, concerning the difficult negotiations which are taking place in Geneva.

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POLITICAL

NORWAY

PROGRESSIVES WARN WILLOCH, SOCIALIST LEFT WARNS BRUNDTLAND

Hagen: 'Possible' Willoch Fall

Oslo AFTENPOSTEN in Norwegian 23 Sep 85 p 2

[Op Ed Article by Progressive Party Chairman Carl I. Hagen: "Conservative Government Logical"]

[Text] Following the election the press became interested in the Progressive Party [FRP] in an entirely different way than during the election campaign, in how we will conduct our policies in the future. One of the few that AFTENPOSTEN did not directly interview about the FRP and the government question is the undersigned.

As AFTENPOSTEN commented on the situation in their editorial column on 17 September, I will advance the following viewpoints:

AFTENPOSTEN writes, "Let us begin with the political ABC's: the Progressive Party's two representatives are--whether one likes it or not--a part of the parliamentary foundation of the Willoch government."

That was always my position up to election night and in the days following. It was Willoch, Bondevik and Jakobsen who clearly maintained that FRP is not a part of the government's parliamentary foundation and that FRP is clearly an opposition party the same as the Labor Party [DNA] and the Socialist Left Party [SV]. We took notice of that, and obviously had to conduct ourselves on that basis. AFTENPOSTEN must stop criticizing FRP for the consequences of the statements of others.

The Budget Balance

Prime Minister Willoch has what I call an "hysterical" view of the budget balance. A difference of 3-4 billion kroner in the budget balance in an economy with a GNP of 450 billion kroner can not mean a significantly great difference. Especially not when the amount of money just so far this year has increased by over 10 billion as a result of increased lending. It is

also rather extreme to want to blame FRP for a weakened balance because we are standing by our campaign promises to pensioners, the handicapped and the sick. A line which AFTENPOSTEN otherwise supports. We obviously recommend cuts which the government parties must freely support.

It is a little too audacious to expect that we would go against our own program, while the government parties can follow their own. Before the election we clearly distanced ourselves from this situation, and we invited them to discussions to find reasonable compromises. The government parties flatly said no, and so they should accept the responsibility, and not try and pass it off on us.

#### Why the Coalition?

Today we have a coalition government. Why? Because the three government parties during the previous period found out that the advantages of creating a majority government were greater than the disadvantages. In the next period the coalition government will not be a majority government, and that is the main reason for advocating the removal of the coalition government. If one looks at this historically, one will find that a coalition government that is a minority government is really an anachronism and completely illogical. It would therefore be entirely natural for the existing government to be replaced by a government out of the largest nonsocialist party, as long as there is a nonsocialist majority in the Storting. It does not follow that a three-party government should continue when it no longer alone has a majority behind it.

When AFTENPOSTEN writes in its editorial column that we can not bring down a Willoch government and then ask Willoch to form a new government to conduct another policy, there is a lot in that. It is, however, fully possible that the Willoch government could go and be replaced by a new conservative government under the leadership of Benkow or Presthus with the task of conducting another policy than that followed by the three-party government under Willoch. Such a government could seek a majority in the Storting from issue to issue. On many issues it would get a majority with the help of the different nonsocialist parties, and now and then, as in agricultural policy or parts of business policy, it could get the support of DNA and FRP. In the same way as previous minority governments from the DNA received support from the Conservative Party when SV opposed the government.

#### Government Guarantee

Our government guarantee remains, but let me remind that our guarantee always is on the condition that we will not contribute to the formation of a government led by Gro Harlem Brundtland or anyone else from DNA. Before the election I asked the leaders of the other three nonsocialist parties for a corresponding guarantee. None of them gave it. Thus the danger does not come from FRP, but from the middle parties which, after the fall of the

three-party government must decide whether they will support the formation of a DNA government or another form of nonsocialist minority government.

To me it seems more natural with a purely Conservative Party government which will seek cooperation in the Storting from issue to issue than a continuation of a three-party government which must first reach compromises behind closed doors in Government House, and thereafter passively wait for the view of the Storting majority on its proposals. With a single-party government all compromise discussions will take place in the Storting with open doors, allowing the voters to clearly see what influence the individual parties have.

That would be more historically correct and more clean than the guessing game about the destiny of the government's proposals in the Storting, which Willoch, Bondevik and Jakobsen have now created.

#### Paper Disputes Hagen's Scenarios

Oslo AFTENPOSTEN in Norwegian 24 Sep 85 p 2

[Editorial: "Hagen's Delusion"]

[Text] If one believes Carl I. Hagen, it is "fully possible that the Willoch government will fall, and that there will be a new conservative government under the leadership of Benkow or Presthus which will have the task of conducting a new policy different than the one that the three-party government under Willoch stood for." That is not the first delusion that the election result has caused, but it must be the greatest of them all by far.

The alternative to the Willoch government is obviously not a new nonsocialist government, but a socialist government under Gro Harlem Brundtland's leadership. We can only deplore that the leader of the Progressive Party does not seem to be able to understand that.

The three cooperating parties went into the election with united political goals which are expressed in the long range program, and they received a mandate to put this program into practice. Like Hagen we are surprised that the same parties are trying to deny that FRP's two representatives are a part of the government's parliamentary foundation. But that does not make Hagen's delusion any less.

In order to illustrate the political connections, let us take Hagen at his word when he says that "the danger comes from the three middle parties which after a departure of government must decide whether they will support the formation of a DNA government..." There are two possibilities for such a situation arising. Either the Willoch government will admit political bankruptcy in the form of a resignation, or alternatively, purely theoretically, the Center Party and/or the Christian People's Party can bring down its own government. In both cases we will have a government crisis because there is no longer a political foundation for continuing the liberal-conservative policies that the government has conducted so far.

For our part we write off both hypothetical possibilities. But if something so foolish should happen, it is incomprehensible for us how anyone can believe that such an admission of failure could open the way for a minority government which would eventually conduct a purely conservative policy. We thereby again believe in the possibility that Hagen is forcing a government crisis by seriously making his threat of a critical voting to join with DNA and SV.

If he does that, he is blazing the trail for a new socialist government under the leadership of Gro Harlem Brundtland. Hagen must willingly believe that it seems more natural with a purely Conservative Party government in today's unstable political situation. But that is no excuse for pretending that political reality is different than it really is.

We deplore having to repeat it, but the Storting is no sandbox. As the first requirement for active participation in the national assembly one must be acquainted with the political terrain, and that in the present situation there are only two government alternatives. Hagen has the choice between a continuation of a nonsocialist three-party government and a new socialist government.

#### SV Lists Platform Differences

Oslo AFTENPOSTEN in Norwegian 23 Sep 85 p 3

[Article by Alf B. Godager: "SV Is Sharpening Its Attitude Toward DNA"]

[Text] The Socialist Left Party [SV] will sharpen its attitude toward the Labor Party [DNA]. That is clear after the national directors discussed over the weekend the political situation following the election. They will continue to cooperate from issue to issue, but place stronger demands on DNA, and make their disagreements clearer. The sharper attitude will be reflected, among other things, in demands for a more just election system, in security and environmental questions and in social policy.

The national directors in a statement placed all responsibility for the fact that there is not a change of government on DNA, which said no to a constitutional change which would have created a more mathematically correct representation. All proposals from the previous period which now remain to be dealt with will, according to SV, give a more just distribution of seats, according to Koritzinsky at a press conference yesterday. Parliamentary leader Hanna Kvanmo emphasized that SV will not rescind its arrangement of electoral pacts without getting something better. "This attitude is necessary to maintain the pressure on DNA," she said. SV will now ask its local forces to take up the election system in order to strengthen the labor movement's demand for a reform. Koritzinsky expects that DNA will have to bend to the labor movement's view on this issue.

Besides, SV is not sure that the Conservative Party will agree with the recommended constitutional change if DNA does bend.

#### Security Policy

At the press conference it was emphasized that there is a difference between a social democratic party such as DNA and a socialist party such as SV. SV is alone in backing the demands of No To Nuclear Weapons. DNA becomes more weak the closer the burning question comes to Norway, said the party leaders. The goal is to draw DNA along in the right direction step by step.

#### Shellfish Trawlers

The national directors were critical that the Ministry of Finance through Export Finance has made loans for the construction of 12 shellfish trawlers without the usual concession and financing arrangements being followed. SV demands that the issue be taken up in the Storting. Minister of Fisheries Thor Listau said in a commentary that the ministry had already taken back a part of the concessions, and is considering whether there is a basis for taking back the rest. The ministry was not warned.

#### Environmental Questions

SV will try in the Storting to caulk the hole left by the Liberal Party, said Kvanmo. SV will now be alone in backing the demands of the environmental movement on parliament, she added. SV will build cooperation with environmental activists in other European countries, including the Greens of West Germany.

#### Social Policy

In social policy, according to Kvanmo and Koritzinsky, it will be a main goal to get DNA to join in repealing the arrangement for own shares, to begin with for the insured and minors. In a statement the national directors demanded that the insurance company Vesta Hygea immediately take back the insurance for pregnant women against having handicapped children. If that does not happen, SV will request that the government intervene.

A warning that this can become the government's line was received during the weekend when the chairman of the Christian People's Party, Minister Kjell Magne Bondevik, became a critic of the insurance arrangement.

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POLITICAL

NORWAY

PAPERS ASSESS GOVERNMENT RESHUFFLE

PM071458 [Editorial Report] Norwegian newspapers of 27 September 1985 comment on the partial cabinet reshuffle carried out by Prime Minister Kare Willoch. Oslo's AFTENPOSTEN and ARBEIDERBLADET are agreed that the government faces a difficult time during the Storting fall session, but take different views of the reasons for and the results of the reshuffle.

After welcoming the appointment of Jan P. Syse, "one of the Conservative Party's weightiest politicians," as the party's new parliamentary leader, AFTENPOSTEN in its page 2 editorial goes on to express its doubts about the effectiveness of the changes:

"The fact that [Christian People's Party chairman] Kjell Magne Bondevik has been made the prime minister's deputy with relations with the Storting as his special area of responsibility is a partial recognition of the demands that will be made on the government in the National Assembly. There is no suggestion of a change in political realities but of an appropriate working arrangement.

"The Center Party has every reason to be satisfied that the party now has a new ministerial post. As undersecretary at the Finance Ministry Eivind Reiten did an acceptable job. He will hopefully be as good a fisheries minister as the Conservatives' Thor Listau has been. In Petter Thomassen we are getting an ambitious industry minister from northern Norway. For safety's sake under-secretary Kjell Hansen remains at his post. As a result continuity in the ministry will be guaranteed.

"We have no objections to any of the new ministers. But it would be wrong to say that this modest reshuffle signals the necessary political revitalization. Let us cross our fingers and hope for the best."

ARBEIDERBLADET in its page 4 editorial finds different reasons for the changes:

"The election result did not in itself provide a basis for major changes in the government. Since Prime Minister Willoch is not well known for giving things away to other political parties, one is entitled to ask why the prime minister has given the parties of the center a strengthened position.

"We believe that the answer is relatively simple. The prime minister is bound to have noticed that within the Center Party, and within the Christian People's Party in particular, there has been discussion as to whether party leaders Johan J. Jakobsen and Kjell Magne Bondevik should not leave the government and instead lead their parties from the Storting. In the parliamentary situation we now have, where an unpredictable Progress Party forms part of the government's parliamentary base, the stage is set for much of the political center of gravity to move to the Storting. It goes without saying that for the Center Party and Christian People's Party it would have been advantageous to have Jakobson and Bondevik in the Storting. On the other hand Prime Minister Kare Willoch is bound to be fully aware of how important it can be for government cooperation to have the two party leaders under full control in the government."

And ARBEIDERBLADET expects no change in policy:

"Even though the position in the government of the parties of the center has been strengthened, we believe that this is more formal than real. The prime minister himself is still the strong man in the government, and the government's main political line will continue to follow the course which the Conservative Party has mapped out."

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POLITICAL

SWEDEN

PAPER DEPLORES BODSTROM'S 'LIMP' UN SPEECH

PM271330 Stockholm SVENSKA DAGBLADET in Swedish 25 Sep 85 p 2

[Editorial: "Waiting for Palme"]

[Text] In the light of the fact that the Swedish Government is in the habit of declaring that Swedish UN membership is one of the cornerstones of the country's foreign policy, it was an embarrassingly limp epistle which Foreign Minister Lennart Bodstrom read to the General Assembly yesterday.

As has been the case in recent years, the Swedish foreign minister appeared so early in the debate that the backwash from the traditional Russian-American duel had not had a chance to die down. It is not easy to capture the delegates' interest in such a situation. It is probably impossible unless a speech takes a form other than the rehashed catalogue of the world's ills which is generally presented to the UN General Assembly by the Swedish side.

There were remarks directed against the superpowers. Criticism of the United States for its visions of star wars, and condemnation of the Soviet Union for its violations of the fundamental rules of international law in Afghanistan. These are of course important remarks to make, just as it is appropriate to assert that the Vietnamese occupation of Cambodia "must cease as soon as possible" or to remind the General Assembly of the necessity of increasing international pressure on the apartheid regime in South Africa.

But it is remarkable--and regrettable--that in the detailed account of international problems, from the developing nations' burden of debt to the refugee situation and environmental questions, there was nothing in the version of the foreign minister's speech distributed in advance which dealt with foreign policy as it directly affects Sweden.

Not a single reference was made in the world organization to the fact that Sweden is situated in a part of the world where for several years there has been a considerable buildup of military forces. Not a word was said about what Sweden intends to do to protect its increasingly beleaguered neutrality.

Some 3 years ago, when the hunt for foreign submarines in Swedish waters was at its most intense, Lennart Bodstrom declared to the United Nations that Sweden intended to protect its territory with all the means at its disposal. A year later this tough announcement had been replaced by a harmless formulation to the effect that violations of borders and of states' integrity were nowhere defensible. Yet another year later (1984) the foreign minister had returned to tough formulations.

In this year's speech there is not a word about these questions, which are of such vital importance to Sweden. The world's diplomats and politicians have been presented with a picture of Sweden as a protected corner in a world of unrest.

Is this the government's view of Sweden's position or is it saving a more realistic description until Olof Palme delivers his jubilee speech to the 40-year-old United Nations next month?

CSO: 3650/21

MILITARY

DENMARK

DEFENSE SPECIALIST SKEPTICAL ON CHANGES FOR SECURITY CONSENSUS

Copenhagen BERLINGSKE TIDENDE in Danish 23 Sep 85 pp 12-13

[Op Ed Article by Niels Jørgen Haagerup, director of the Foreign Policy Society, former security policy reporter of BERLINGSKE TIDENDE and former member of the European Parliament, elected by the Liberal Party: "The Broad Consensus"]

[Text] Is it possible to repair the damage? asks Niels Jørgen Haagerup in this introduction to the renewed meeting activities of the Provisional Security Policy Committee. The viewpoints are marked by sharp contrasts, not least on the personal level.

The Preliminary Security Policy Committee, which, with Knud Østergaard as its chairman, will seek to create the basis for renewed agreement, on the basis of the Dyvig report, between the Social Democratic Party and the government parties, will meet anew this month after an interval of some time.

Will it be possible to reestablish unity on the Danish security policy?

No, that will not be possible, one of the reasons being that the Danish security policy has shifted after the adoption of about a dozen security policy resolutions from December of 1982 till May of 1985. They cannot be changed unless new Folketing resolutions of a different content are adopted for which the government would be able to vote in any circumstances. That is not likely.

Even with the best will, it will hardly be possible to create unity on the deployment of the 572 intermediate-range missiles in Western Europe. However, as the deployment was commenced long ago, this question has lost part of its significance. It is worse that, as a result of the attitude of the majority of the Folketing, Denmark evades its rather modest economic share of the deployment costs. That, however, should no longer create any major problems in relation to NATO. The government parties, however, will never be able to accept that Denmark fails to comply with its earlier promise, even if the majority of the Folketing is in favor of it.

Nor will the government parties be able to support the plans for a nuclear-free zone comprising the Nordic countries. These plans create considerable

difficulties in NATO because our partners view them as directed against the NATO cooperation and especially against the current NATO strategy. However, the Social Democratic Party has not gone farther than demanding such a zone, provided it is supported by the other Nordic countries and guaranteed by both superpowers. It is not possible for us to get that in practice, so the disagreement is of no major political significance. If the Social Democratic Party, on the other hand, had advocated that we establish such a zone with Soviet guarantee alone, it would have been an entirely different matter.

A rejection of nuclear weapons on Danish soil in times of war, emergency and peace has been a goal set by the Social Democratic Party but not a demand for unilateral Danish action outside our allies.

The goal that they have set for themselves is bad enough, for if it were to be realized, Denmark would take a big and perhaps decisive step out of NATO and the current NATO strategy. It is, however, only the Radical Liberal Party (whose Folketing group may not have contemplated the full consequences of this), the Socialist People's Party and the Socialist Left Party who want to go so far. The Social Democratic Party rejects unilateral Danish action, making the contrasts to the government parties in this area possible to live with.

Ascertaining where the disagreement exactly lies and the consequences it has to the Danish security policy, however, is not enough to create a new understanding between the Social Democratic Party and the government parties. However irreconcilable the tone may be from either side, there is, however, the possibility of an understanding, and this understanding may be achieved in connection with the negotiations which have been initiated among the EC countries on a treaty on foreign policy cooperation, EPS.

For here it is a fact that the Social Democratic Party has shifted its position, but this time toward and not away from the position of the government parties.

Some will object that security policy of all things should not be mixed up with the EC and the political cooperation among the EC countries. However, it is in this very area that there has been a decisive change in the position of the Social Democratic Party.

According to an article by Ivar Nørgaard in NY POLITIK 6-7 of this year, he (and presumably the party) is not only able to accept a treaty on EPS if it is kept outside the Rome Treaty as has hitherto been the case, but also a military-industrial cooperation. As he says in the article: "If Denmark is able to participate in the production of, or be subcontractor for American fighter aircraft, I assume we can also participate in the production of a European fighter aircraft or other corresponding military technology, as long as it takes place outside the framework of the Rome Treaty."

The security policy spokesman of the Social Democratic Party, Lasse Budtz, has on several occasions, stated that he is entirely prepared to both strengthen the EPS and to include security policy questions in the EPS. He and other Social Democrats may be somewhat more motivated by the desire, by this means, to loosen

the ties to the United States a little (the expression is Ivar Nørgaard's) than the government parties, but that is not decisive in the present situation. Non-Social Democrats, too, view the EPS as a possibility of giving greater impact force to West European security policy viewpoints, also in the military industry area, especially in relation to the United States.

In view of the agreement which largely prevails on the planned treaty and expansion of the EPS, it would be both politically correct and tactically wise to include this entire subject in the considerations of the Østergaard committee.

What will be left will be an apparently substantial disagreement on the recently launched government negotiations in Luxembourg on changes in the Rome Treaty, including a certain relaxation of the veto right. It is true that this does not have much to do with security policy, and the Østergaard committee is hardly the right forum to discuss it. It will take place within the Marketing Committee and possibly also within the Foreign Policy Committee.

However, it is no less important to narrow down the disagreements on these issues as much as possible, for Denmark may before long be faced with a quite substantial unity among the vast majority of EC countries on the implementation of changes, especially with a view to making the decision-making process within the EC more efficient, changes which have hitherto been clearly rejected from the Danish side. This appears in particular from the two resolutions of May of 1984 and May of 1985 which were adopted by the overwhelming majority of the Folketing, comprising the government parties and the Social Democrats.

There is therefore reason first to note that the dividing line here apparently is far less clear between the government parties and the Social Democrats than is the case in the security policy area.

How much it helps toward creating a broad understanding among the people that it is also in the interest of Denmark to improve the ability of the EC to form a quorum, is, however, an open question. Due to the passivity and silence in connection with the European policy, there has been far too much scope for distrust of the plans of reform of other EC countries and for an almost hysterical fear of what the so-called union plans may involve. Here, the government parties carry an equally big responsibility as the Social Democratic Party, although the Liberal Party most recently is finally in the process of drawing a more marked European profile than hitherto, as appears not only from the clear speeches and articles by the party chairman, Foreign Minister Uffe Ellemann-Jensen (in his job he senses where the problem lies), but also from the European statement of the Folketing group from its meeting on Bornholm during the summer.

The Conservative Party has not yet in the same way drawn a clear European profile. Drawing clear profiles is not quite the style of the prime minister and the party at present. However, it is about to do it. At any rate, in his recent speech at the meeting of the Conservative national committee, Prime Minister Poul Schluter stated without reservations that the European policy will become the most important issue in Danish politics in the near future. He, too,

feels where the problem lies, he, too, recognizes the danger of Danish isolation, and, in view of the remarkable position he has achieved not only in his party but also in Danish politics, he may participate in creating the needed appreciation among the people.

For that is the big difference between the security policy and the European policy, that the former has a large group of involved supporters behind it and latter has none. The politicians will have to create it only now in the 11th hour when Denmark is about to be pushed against the wall by the impatience and plans of reforms on the part of other EC countries.

The Social Democratic Party has also advocated this actively, as appears from several articles and especially from the speech by Social Democratic EC committee chairman, deputy chairman of the Social Democratic Party Birthe Weiss at the annual congress recently.

She and Svend Auken opposed the EC in 1972, but now it is no longer a question of Danish withdrawal, on the contrary of a more active Danish EC policy in order for the EC to conform more closely to Danish wishes and interests.

It may be difficult enough as it is, considering that we only constitute less than 2 percent of the population of the EC, and the fact that we have for years been regarded as an impediment and a wholesale producer of footnotes does not make things any easier.

However, the willingness that has been shown is important. It is, indeed, genuine, for the emphasis is now placed on what may be done and has to be done within the EC and not on the question whether we ought to withdraw completely. With the clear Social Democratic willingness to make a stronger EC contribution, the last remnants of the Anti-EC Movement have decisively lost their influence on any serious EC debate, for the movement has from the start been striving one-sidedly for Danish withdrawal. It therefore was not too strange that the most recent anti-union initiatives came from circles outside the Anti-EC Movement. It has lost its influence.

What is then left in order to achieve a new understanding between the Social Democratic Party and the government parties on the foreign policy? Having said that there are still difference in the security policy area, but also things which unite, included a continued membership of NATO, a strengthening of the EPS and a more active EC policy, it should be added that the traditional controversy still exists. It may ruin everything.

It is not only the politicizing of the EC which has made the tone among the parties unnecessarily sharp. It is also apparently strong personal differences which cause the politicians to speak so slightly and negatively of one another.

I find the strong Social Democratic attacks on Foreign Minister Uffe Ellemann-Jensen for arrogance and uncompromising attitude unreasonable, but they reflect a stand which the Social Democrats have adhered to either out of conviction or for merely tactical reasons. He is made responsible for the existing lack rapprochement.

Conversely, the conduct of the Social Democrats in the security policy area and their constant resolutions with the support of the Radical Liberal Party, the Socialist People's Party and the Socialist Left Party, has quite understandably irritated the government parties, and in his capacity of foreign policy spokesman for the Social Democratic Party, Lasse Budtz has been provocative, also outside the circles of the government parties.

However, is a greater political understanding of the Danish security policy and European policy indeed to be hampered by such personal conflicts and opinions? They merely contribute to increased polarization and confrontation. Denmark's foreign policy position is far too exposed for the politicians to continue along these lines.

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CSO: 3613/2

MILITARY

NORWAY

NORTHERN NAVAL FORCES COMMANDER DISCUSSES WARTIME MISSIONS

Oslo AFTENPOSTEN in Norwegian 6 Sep 85 p 4

[Article by Liv Hegna: "Naval Exercises--Defense of Supply Lines"]

[Text] "Totally unique tactics and much training with materiel and personnel is necessary in order to keep enemy submarines and mines out of our fjords and rocky reefs. We cannot expect that NATO will undertake this special mission." It was the commander of naval forces in northern Norway, Rear Admiral Torlolf Rein, who said this to AFTENPOSTEN. The large national FLOTEX exercise which has been under way since Monday has demonstrated that it is necessary to have cooperation between the two district commands in order to keep supply lines open.

Rein says that it is new this year for the two naval commands in the North and the South to cooperate as closely as has occurred during this exercise: "It is the very life nerve between southern Norway and northern Norway which the navy is practicing defending. It is a difficult undertaking. Hunting for enemy submarines is an exercise in patience. It requires a professional attitude on the part of the personnel and the best of equipment," he states, and adds that within military thinking, an upgrading of sea transportation plans between the two parts of the country has taken place recently: "The shipping lanes at sea have a large capacity and cannot be destroyed by sabotage actions. It is correct that they can be blockaded by mines and submarines, but through practicing our abilities to utilize the limited resources we have, it appears that it is possible to use these shipping lanes," says Rein. He asserts that it is assumed that between and 75 and 100 ships would be in transit between the sections of the country at any given time during a possible war.

Concerning the concept for this year's FLOTEX, there was no distinction between troop movements or supplies for northern Norway. The point of this marine exercise is to get the ships safely into port, and was not concerned with what they had on board as cargo.

Coastal Artillery

[Question] "There are two new acquisitions on the way to coastal artillery forts in northern Norway. Have the other coastal artillery installations functioned satisfactorily?"

[Answer] "Everything went very well on both the personnel and materiel side respecting the coast artillery even though we also suffer from a certain amount of old materiel," states Admiral Rein. He says that some of the ships that are participating in the FLOTEX exercise also will be participating in the Ocean Safari exercise which is to take place in Norwegian waters during the period 17-20 September.

"The ships will end up around the level of Bodo. Submarines will play against advanced American anti-submarine ships. It is our experience that Norwegian submarines perform rather well under such conditions when they manage to take advantage of conditions to the maximum. This is dependent naturally on sonar conditions, which always are difficult near the coast."

[Question] "The Soviet Union recently has concluded a rather large exercise in the Norwegian Sea and the North Atlantic. Is the NATO exercise, Ocean Safari, and the national exercise, FLOTEX, being justified based on the experiences acquired during the Soviet exercise?"

[Answer] "Our exercises have been planned in great detail over several years. It is an absurd idea that the Warsaw Pact countries and NATO countries would coordinate their exercises in that fashion. The fact that there likely are similarities in the named exercises naturally is related to the fact that the sea supply lines over the Atlantic--as concerns NATO--and along the coast of Norway--as concerns us--are among the most important in the case of war," says Admiral Rein.

About 2,000 men are participating in this year's FLOTEX exercise. About 1,500 are on board ships while the remainder are manning coastal artillery stations and other land installations. The escorted convoys are being threatened by submarines, mines, torpedo boats and planes. Among the attackers is a Dutch squadron of F-5 planes which are visiting Norway. The naval ships which are defending the convoys are receiving help from Orion planes and so-called AWACS warning planes being used to track submarines and other attackers.

12578  
CSO: 3639/165

MILITARY

SWEDEN

**DEFENSE FORCES CIC ON FUNDING ISSUES**

PM071149 Stockholm SVENSKA DAGBLADET in Swedish 1 Oct 85 p 6

[Lars Christiansson report: "Commander in Chief Wants 125 Billion"]

[Text] Commander in Chief [OB] Lennart Ljung considers that the maintenance of Sweden's defense strength in relation to developments in our immediate area requires an annual increase in defense spending of 3 percent in the period 1987-1992, corresponding to a total of 125 billion kroner.

This was demonstrated by General Ljung when he yesterday presented the report, OB-85, which will form the basis for decisions in the 1987 Defense Bill.

The OB was instructed by the government to investigate three different budget frameworks for the 1987-1992 period and to outline the repercussions these would have on Sweden's defenses. But since from his investigations the OB has reached the conclusion that none of the three frameworks he was instructed to investigate was, in his view, sufficient to maintain Sweden's defenses at their present real-term level, he has also put forward a proposal of his own which assumes an annual 3-percent growth in defense spending.

The difference between the OB's proposal and the lowest framework is 2.7 billion kroner per year, or 13.5 billion for the 5-year period, and the difference between the OB's proposal and the highest framework is 8 billion kroner for the 5-year period.

The OB asserts that in the seventies and eighties the strength of the Swedish Defense Forces has "decreased compared to the combat forces which can be deployed in our immediate area at an early stage of a crisis situation." The Swedish Defense Forces' share of the GNP fell from 3.2 percent to 2.8 percent in the period 1974-1984.

Like the defense committee's security policy report, the OB also notes that the superpowers' interest in the northern European region has increased, as have the ensuing risks for Sweden.

The submarine violations perpetrated against Sweden, the major naval exercises in the Baltic, and the increased intelligence activities in the area confirm this picture.

Both NATO and the Warsaw Pact arms spending has increased by an average of between 2 and 4 percent per year and is expected to continue at approximately the same rate of growth. Norway and Finland are increasing their defense budgets by around 3.5 percent per year.

Lennart Ljung said that "all three alternative lower defense frameworks lead to an ever increasing gap between our defense forces' capacity and the tasks they are expected to carry out." He also explained that defense funding lower than what he himself has proposed would mean that "it would be doubtful whether Sweden would be sending the right signals to the rest of the world about its determination and ability to uphold the policy of neutrality."

He also said that a lower level of defense spending would lead to difficulties in terms of the capability to prevent the enemy from gaining a foothold on our territory, and that Sweden's defense forces would have problems deploying themselves in the correct defense positions rapidly enough. He also stressed that lower defense budget frameworks would lead to problems for the endurance capabilities of the Swedish Defense Forces.

The defense budget level investigated by the OB which would mean the extension of the current defense bill, the so-called program plan level, would cost 22.8 billion kronor per year. This framework too would, according to the OB, mean that the reduction of the Defense Forces would continue, even though they would continue to be able "under conditions favorable to us" to inflict losses on the enemy and make operations against Sweden time consuming.

The prerequisite for maintaining reasonable defenses against invasion under such circumstances is that advance warning time is long enough and that ample time would be given for Swedish preparations. The OB writes, for example, that it is doubtful whether the Swedish Navy can meet "the requirements of a military presence at sea in all crisis situations."

The OB also had a somewhat larger budget alternative with a framework of 23.35 million kronor per year. But in the OB's view this level would also be insufficient for the defense forces to be able to fulfill their security policy tasks.

The lowest level investigated by the OB is one of 22.5 billion kronor annually. This framework is described by the OB as so impossible that he wants to exclude it from discussion completely.

The OB says that if the government and the Riksdag choose a level below his own proposal then this must "find expression in some way: either in the form of changed objectives for the defense forces or changed directives to the Defense Forces."

ECONOMIC

DENMARK

OECD REPORT CITES SUCCESS IN LOWERING UNEMPLOYMENT

Nine Percent Expected by 1986

Copenhagen BERLINGSKE TIDENDE in Danish 24 Sep 85 Sec III p 11

[Article by Kermit Norlund]

[Text] Brussels--Denmark continues to cut unemployment while in the rest of Europe it is rising toward a new postwar record of 11.25 percent by 1986. Total unemployment in all the OECD countries will rise to 31.5 million in the next year and a half.

These predictions were made in the annual employment report issued by the cooperative organization of the industrialized nations, OECD.

As far as Denmark is concerned the OECD experts stuck to their estimates from the summer economic report, namely that Danish unemployment will be at a level of 9.25 percent this year and drop to 9.0 percent in 1986, which would mean around 250,000 people out of work.

In the next year European unemployment will increase by 1 million to a total of 19.25 million unemployed European workers.

It is true that average OECD employment will continue to rise as a result of the economic upturn, with an increase of 1.25 percent this year and 1.0 percent in 1986. But in most countries this increase in the number of jobs will be offset by the increasing number of people seeking work.

The braking of economic growth in the United States means that unemployment figures there are expected to remain unchanged or rise slightly while the European countries that are getting along best are Denmark, West Germany, Great Britain, Austria, Iceland and the Netherlands.

The OECD report sounded the alarm about two risk groups among the unemployed, namely young people who are unemployed and people who have been out of work for longer periods of time. It pointed out that unemployment among young people in the four big EC countries, Great Britain, West Germany, France and Italy, has now reached 22.5 percent and it is expected to increase further.

This should be compared to an OECD average of 16.75 percent in 12 countries and a stable figure of 12.5 percent in the United States.

#### More Young People in Trouble

In Europe there is a growing number of young people who are unemployed for long periods of time. And the report warned that there is a marked increase in the ratio of long-term unemployed workers in total unemployment statistics.

"There is much to indicate that some of the people who were hit by unemployment during the latest economic downturn have been trapped by unemployment ever since," the report said.

It pointed out that there has now been a rising tendency in unemployment levels for the last 15 years. The experts said there are three main reasons for this, adding that the different ways nations deal with these underlying causes lead to the big variations in employment trends in the OECD countries.

In the first place the very weak economic upturn in Europe and the subsequent modest consumption in relation to the United States has been a very important reason. There has also been a strong rise in real wage costs, which has helped to limit the possibilities of making a profit. And finally the European rigidity in the labor market, the capital market and the commercial market has helped push unemployment figures up.

The OECD report said that steps must be taken to combat all three causes if a country wants to find a lasting solution to the high unemployment figures. In this context the report criticized the European governments for pursuing an economic policy that is too tight out of fear of creating inflation, although it conceded that the goal is continued non-inflationary economic growth.

#### Continued Wage Restraint

The OECD report stressed that continued wage restraint would be an important element in the fight against unemployment. It recommended looking into the possibility of arriving at "social contracts" with the negotiating factions in the labor market, so that wage increases would be related to increased productivity instead of inflation.

#### Paper Comments on Report

Copenhagen BERLINGSKE TIDENDE in Danish 26 Sep 85 p 12

[Editorial: "Great Achievement"]

[Text] It is interesting to observe the difference in treating unemployment now and in the past. When the Social Democrats held government power

unemployment and efforts to combat a continued rise in joblessness were the topics of the day. Each and every day. There were many plans to provide jobs, promote employment and implement both regular and extraordinary employment measures. Nothing seemed to help. Unemployment kept rising in spite of large outlays for the most elaborate plans to promote employment. County and municipal governments were practically ordered to come up with job offers no matter what they involved. They just had to look good.

If an OECD report praising the government's employment policy had come out while Svend Auken was minister of labor there would not have been a dry eye anywhere. The media would have been overwhelmed with comments on the international acclaim and the labor minister himself would have secured access to every microphone in the country in order to spread the glad tidings.

But luckily times have changed. Since the introduction of the new economic policy employment has risen year after year. The ingenious employment schemes have been replaced by an increase in jobs in the private sector. These have been created by increased investments in the production apparatus which were made possible by improved competitiveness, lower interest rates and renewed optimism.

Although we are getting used to progress in the employment sector it is still worth noting the OECD assessments. Denmark and a few other countries stand out by having prospects of a continued drop in unemployment in the coming year. This situation should be viewed against the background of the otherwise bleak predictions the OECD made about unemployment in Europe and other western industrialized countries. Unemployment in general will rise to a new record high in 1986.

The OECD recommendations concerning ways of shifting the trend away from joblessness in the direction of employment include expansive economic policies, lower wage increases and a relaxation of rigidity on the capital and labor market. That is exactly what the present government is doing and it is the precise opposite of the proposals made by the Social Democrats. They want fiscal austerity, higher wages and more restrictions on currency and capital.

In the present economic situation there is reason to note the OECD's renewed recommendations to loosen conditions on the job market. On the Danish labor market rigidity resulting from wage, training and contract conditions is largely an organization matter. The labor market factions thus have a direction share in responsibility for the size of the unemployment problem, as the economic trend shapes up at the moment.

The OECD assessment of employment prospects in Denmark compared to the trend in other industrialized nations is a feather in the cap of the government's economic policy. The silence of the Social Democrats on this subject is eloquent.

6578  
CSO: 3613/1

ECONOMIC

ICELAND

IMPROVED CROP YIELDS EXPECTED

Reykjavik MORGUNBLADID in Icelandic 13 Sep 85 p 48

[Text] "I'm just about ready to make an effort at threshing. I'll really get going on it during the next dry spell. I think that the yield will be better than I have ever had. I expect to get 30 barrels of grain from every hectare, which is four times the amount I got last year, and one-third more than what I got at mid-year," said farmer Eggert Olafsson, of Thorvaldserir undir Eyjafjoll, when he was asked whether he was ready to thresh the grain he had grown and what the yield developments were.

Yield expectations are also good in Austur-Landeyjar, where thirteen farmers are currently growing grain. Farmer Magnus Finnbogason, of Lagafell, said that he expected a good harvest, and that they would be beginning to thresh next week. He declined to estimate the harvest in figures, as Olafsson did, but said that yield developments had never been better since the farmers of the Landeyjar started growing grain in 1980.

Olafsson said that this summer had been excellent for growing grain, at least here in Iceland. He said that he had experimented in sowing a new barley hybrid which is supposed to sprout half a month earlier. He said that it had worked, and that this could mean that it might be possible to raise grain with a certain degree of certainty in much of the south of Iceland. He said that it seemed to him that it could be safely assumed that anywhere potatoes could be grown according to yearly need, it would be possible to grow grain. He was reluctant in naming specific locations, but he did mention Landeyjar, Fljotshlid, Rangarvelli and Floi. Then he also said, judging from the weather predictions, that the best area in the country for grain raising would be near Ellidaarnar.

9584  
CSO:3626/56

ECONOMIC

ICELAND

BRIEFS

**INFLATION STATISTICS RELEASED**--The cost of living rate, compared with the cost from the beginning of this month, has increased some 2.6 percent since the beginning of August, thus amounting to a level of 148.68 percent, based on a 100-percent figure assigned to the month of February 1984. The cost of living rate has increased some 36.2 percent in the past twelve months. A monthly rate increase of 2.6 percent corresponds to an annual rate increase of 36.1 percent. During the past three months, the rate has increased some 8.2 percent; this increase corresponds to an annual inflation figure of 37.3 percent. A release from the National Economic Bureau announces that 0.9 percent of the increase consists of increases in food and drink (including the 0.5 percent increase on the price of agricultural products on 1 September), 0.2 percent reflects housing increases, 0.2 percent reflects tobacco and alcohol increases (enacted on 22 August), 0.5 reflects increases in various services, and 0.8 various products, particularly imported goods. [Text] [Reykjavik MORGUNBLADID in Icelandic 17 Sep 85 p 3] 9584

**GOVERNMENT SELLS ICELANDAIR SHARES**--The Icelandic airline company Icelandair will now become an entirely private enterprise. The state of Iceland will sell its present 20 percent owner share to individual Icelanders and Icelandic enterprises. [Text] [Stockholm DAGENS NYHETER in Swedish 24 Sep 85 p 11] 7262

CSO: 3650/8

ECONOMIC

PORUGAL

UNDEREMPLOYMENT SEEN NATION'S BIGGEST PROBLEM

Lisbon SEMANARIO in Portuguese 17 Aug 85 p 15

[Article by F. Sarsfield Cabral: "Too Many People"]

[Text] Recent statistics show that the number of unemployed in Portugal has reached half a million, that is, about 11 percent of the active population. In European terms, it is not one of the highest rates: many countries in the European Economic Community (EEC) currently have higher rates and Spain has double that rate. Our relatively low proportion of unemployed was even frequently invoked to justify the expansionist policy that led to the unfavorable foreign balance of \$3.2 billion in 1982 (an OECD "record") [Organization for Economic Cooperation and Development]. While the restrictive policy pursued during the past 2 years to combat that foreign deficit--which contrary to what had been promised was not accompanied or followed by a policy of development--naturally aggravated unemployment, it did not do so in a dramatic manner.

But there is no reason to celebrate, because only a small proportion of the Portuguese unemployed receive unemployment compensation, and that is admittedly insufficient (while the compensation of many European unemployed permits them to spend vacations in the Algarve). The essential thing is that the really serious problem in Portugal, one that a moderate unemployment rate hides (for those who do not want to see) is an enormous underemployment.

It should be noted that we still have more than one-quarter of the working population in agriculture (compared to levels of 18 percent in Spain, 8 percent in France and less than 4 percent in the United States...); that the state enterprise sector--from banking to industry--is systematically characterized by having 30 or 50 or 100 percent more personnel than is prevalent in similar European enterprises; and that the labor laws prevent the private companies from having a correctly scaled number of employees. But it is perhaps in the public administration (with obvious repercussions on the budgetary deficit) that the problem assumes more scandalous proportions.

In the last 17 years, the state has increased the number of its employees at an average rate of more than 1,000 per month (but that is an average, because the large growth occurred after 1974-75, that is, precisely when Portugal ceased

to have a vast multicontinental empire to administer...). As the Portuguese Confederation of Commerce pointed out recently, the public administration went from 196,000 employees in 1968 to 448,000 this year. Nevertheless, it is evident to everyone that, as a rule, the quality of services rendered to the citizens by this bloated administration has worsened, and sometimes worsened dramatically.

Basically, the state and the public and private enterprises are viewed as havens where one obtains lifelong jobs. What remains to be seen is how compatible that mentality will be with the competition imposed by the EEC.

8711  
CSO: 3542/248

ECONOMIC

PORUGAL

BRIEFS

REDUCED SAVINGS--A national study reveals that during the past 2 years about 51 percent of the Portuguese have not invested their hypothetical savings in any way. On the other hand, the same study shows that the overwhelming majority of the Portuguese believe that the most secure way of investing their savings is in the acquisition of a house and land. In a survey conducted in June by Marktest among persons of both sexes over 18 years of age in urban centers in continental Portugal, the interviewees were presented a list of possible ways of investing savings, with the request that they indicate two items. The purchase of real estate was by far the preferred formula, 81 percent, followed by the purchase of gems, 49 percent, and time deposits, 41 percent. In terms of advantages, the purchase of real estate and gems were considered the most advantageous, with special emphasis on the first, followed by the purchase of gems and foreign currency. In the last 2 years, about 51 percent of the Portuguese have not applied any savings to the items under consideration. Somewhat significantly, time deposits (20 percent) and the purchase of a house and land (16 percent) were the items of greatest application of savings. [Text] [Lisbon O DIA in Portuguese 24 Aug 85 p 9] 8711

CSO: 3542/248

ECONOMIC

SWEDEN

SDP WITH LESS MANEUVERING ROOM THAN IN 1982 TO TACKLE PROBLEMS

Stockholm DAGENS NYHETER in Swedish 22 Sep 85 p 14

[Article by Bo A. Ericsson]

[Text] What is nice and what is not nice about the Swedish economy right now? Can we afford some wage increases? What does the new balance of payments deficit mean--and what actually is the balance of payments?

Sweden is now again falling behind other countries. Remedyng this will be the most important task for the Social Democrats now that they get a new 3-year contract to govern the country.

In several areas, however, the task may become more difficult than at the change of government in 1982. Actually, it may be only now that the crucial test comes for "the third road."

There are several reasons why the situation is different today from the situation in the fall of 1982:

At the time, the Social Democratic government was able to take over and act as a newly appointed management of a company in difficulties, clean up, put into shape and make cuts without having to look back. That is not possible today.

At the time, they were able to resort to purely strong measures as the main instrument in the economic policy, a 16 percent devaluation. That is not possible once more.

At the time, in 1982, the economic policy would very soon be aided by generally better times. Today, it is the other way around: the economy seems to be slowing down and a reduced Swedish growth rate is predicted for 1986.

At the time, there was a broad awareness of the crisis situation--that is not the case to the same extent today.

At the time, the political situation in parliament was also different. Today, the government is unable to get any proposals through parliament without active support from the Communist Left Party or nonsocialist parties. The nonsocialist parties today have more seats together than the Social Democrats.

## Positive Aspects

What is good and what is not good about the Swedish economy right now?

Although economists do not always agree in their analyses, there are, however, certain fairly generally accepted truths. Here is some kind of primer on the present situation--first the positive aspects that are of importance:

Industrial production has increased very sharply since 1982, especially within the export industries. The influx of orders is still strong, particularly to export enterprises, although a slowing-down has taken place.

The reason for the increase in production is partly the devaluation, which, of course, made Swedish goods cheaper abroad, partly the economic upswing in 1983-84, especially the enormous stimulus from the United States (exports to the United States increased by 50 percent both in 1983 and 1984).

Quite in accordance with the government's policy, profits have increased sharply and caused a long awaited increase in investments.

This, in turn, has created new jobs, especially between 1984 and 1985. At the time, the rate of employment increased by 60,000-70,000, (depending on the method of calculation used).

## Real Wages Up

After several negative years, real wages increased last year and will probably do the same this year as well. We have got more money at our disposal, despite the higher price level, though that may not always be felt to be the case. The rate of inflation, however, is still higher than abroad but has been checked considerably during the last few months.

The budget deficit has declined because of the better times, because more people have got jobs and because subsidies to risky industries have been reduced.

Productivity has increased, that is to say, existing resources have been utilized better, which has contributed to strengthening the competitiveness.

However, there is also a negative aspect and it has actually only started appearing during the last 6 months. It is primarily a question of two things: wage costs and the balance of payments.

Ever since the seventies wage costs in Sweden (collective agreements plus wage hikes and employer's contributions) have, on the average, increased by approximately 9-10 percent annually. Despite Rosenbad rounds, we are still at approximately that level.

## Reversal of Trend

As a result, we continue to incur higher wage increases than our competitor countries. The increase this year in wage costs may amount to a total of

7-8 percent, according to the calculations of the forecasters of the banking world--as against about 3 percent in West Germany.

This has not been any acute problem in recent years. It has been outweighed by the fact that Sweden has had a larger increase in productivity than most other countries: at the same time as wages have increased, we have also produced more goods per person, as a result of which enterprises have had no need to increase their prices at a higher rate than our competitor countries.

However, now that the effects of the devaluation are beginning to abate and business activity is slowing down, economists become fearful of a reversal of trends: the increase in productivity is beginning to slow down. The rate of increase may even become lower than among our competitor countries next year.

At the same time, the collective bargaining comes up. It will be of great importance.

The situation is here that there is a so-called carry over (wage costs which will only take effect next year) within the public sector, of approximately 6 percent. In addition, employees within the public sector will probably want to have another few percent.

#### Following Suit

In the atmosphere of following suit which prevails in Swedish collective bargaining, some kind of wave would thus be created which will probably be felt in other wage negotiations.

The Swedish Employers' Confederation has already started fighting such a development. They are now talking about "freezing" wages, only increased productivity would be allowed to affect incomes.

If industry cannot afford a continued high increase in wages--on account of a reduced increase in productivity and adverse times--it will be forced to increase its prices more than other countries.

Some of the effects will then be:

Reduced competitiveness and declining exports.

Deterioration of the balance of payments.

Increasing unemployment.

The balance of payments shows whether Sweden has profits or losses in its transactions with other countries. In one scale is the money we receive from our export of goods and services. In the other scale, are, among other things, our import, the interest we have to pay on our foreign debt, tourism, foreign aid.

## Deficit

In the course of the last few years, the balance of payments has improved, and last year, for the first time since 1974, it showed a surplus (well over 3 billion).

This was primarily due to the fact that the increased export gave large sums of foreign exchange and that the demand in the domestic market was suppressed, as a result of which imports increased to a limited extent only.

Now, however, the positive balance of payments has been reversed. A deficit has developed, which in the first 8 months of the year increased to 14-15 billion kronor, according to the Central Bank. That is far beyond the government's earlier calculations.

The deficit is due to the fact that exports are not increasing at the same rate as previously. Imports, on the other hand, are increasing sharply (by 10 percent hitherto this year as against 1 percent for exports). Combined with the high interest payments on our foreign debt, this has the effect that Sweden is now again falling behind other countries.

The increase in imports is partly due to the fact that the purchasing power of consumers has increased. So far, this year, private consumption increased by 2 to 3 percent, which actually is quite a lot. (In the course of the first 6 months, radio and TV sales thus increased by as much as 16 percent, and new registration of cars increased by 25 percent.)

In his book "The Bitter Truth," Klas Eklund, economist, now an adviser to Prime Minister Palme, wrote in 1982 as follows:

"In order to get the Swedish economy in balance again, let us say in the course of the next two terms of office, it will not be possible to have any larger increase in private consumption than by 1 percent annually at the very most."

## Have to Borrow

What happens when a deficit develops in the balance of payments, as now, is that we have to borrow. Our foreign debt then increases as well as the interest we have to pay on our debt. Our interest payments were last year so large as to nearly absorb the entire surplus of our foreign trade.

Unless the imbalance is corrected, jobs will collapse. That is why most observers now expect a tightening of the economy--that is to say, cutbacks in the expenditures of the state and/or increases in taxes.

It should be possible to reduce private consumption by such measures as an increase in the value-added-tax and increased taxes on gasoline, tobacco and liquor.

On an increase in the value-added-tax, Minister of Finance Kjell-Olof Feldt has said somewhat vaguely that such an increase is not topical "right now."

This has resulted in speculations that it may come after the New Year.

Nor has the government clearly indicated the kind of cutbacks which may become topical in order to reduce the deficit.

#### No Fat Years

If the public sector is checked, this may almost immediately affect the central issue of the government, employment (which actually increased at a higher rate in municipalities and counties in the last few years than in industry).

If new taxes are imposed on industry, the result will be that it will not be able to grow at the rate required in order for us to be able to take care of ourselves--the industrial sector is today quite simply too small.

The dilemma of the government is, among other things, that it is not allowed to take too harsh, nor too weak measures. In both cases, the consequences will become negative for the employment sector.

The government thus has to perform some kind of balancing act. One thing is believed to be clear, and that is that the budget in January will become strict. No fat years are to be expected.

7262  
CSO: 3650/8

ECONOMIC

SWEDEN

BRIEFS

INDUSTRY OPERATING NEAR CAPACITY--Swedish industry is still operating at full speed. The machinery is now utilized fully, and most enterprises are unable to increase production without investing in new and larger machinery. According to the Central Bureau of Statistics, in the course of the second quarter of this year, the utilization by industry of its capacity increased to nearly 90 percent. This is the highest figure measured since the Central Bureau of Statistics began its measurements in 1980. "In practice, the figure means that industry is operating at full capacity," says Fredrik Tackholm at the department of industrial statistics of the Central Bureau of Statistics. The high utilization of capacity is also a sign that Sweden is now at the peak of a boom. Nearly one third of the enterprises answer that they are operating at full capacity, i.e. 100 percent. [Text] [Stockholm DAGENS NYHETER in Swedish 27 Sep 85 p 10]  
7262

CSO: 3650/8

ENERGY

DENMARK

#### NORTH SEA OIL FIELDS EXPECTED TO MEET HALF CONSUMPTION NEEDS

Copenhagen AKTUELIT in Danish 18 Sep 85 Sect III p 7

[Article by Henrik Skov]

[Text] In 2 years, the production will cover half of our consumption.

Oil and gas are now really flowing from the underground of the North Sea. The production is rapidly increasing year by year, and in 2 years the North Sea will be able to cover half of the Danish energy requirements.

The Energy Board has just adjusted its expectations of the North Sea, and it has again been a question of an upward adjustment. As late as last year, those who were most optimistic expected the resources of the North Sea to cover one third of our needs, but the expectations have now increased sharply. In 1987 the Danish Underground Consortium [of oil and gas firms] expects to pump sufficient oil and gas out of the underground to cover half of our energy requirements.

The development will give Danish Underground Consortium, which is composed of A.P. Møller and the three multinational oil companies Shell, Chevron and Texaco, incomes of approximately 15 billion kroner annually. Since the exploration started in the early sixties, the partners have invested 40 billion kroner and earned 22 billion kroner. In 2 years they will have retrieved all of their investments, and the four partners may book the 15 billion kroner annually as practically pure profits. The North Sea production is maintained at a relatively low cost.

#### Cautious Estimate

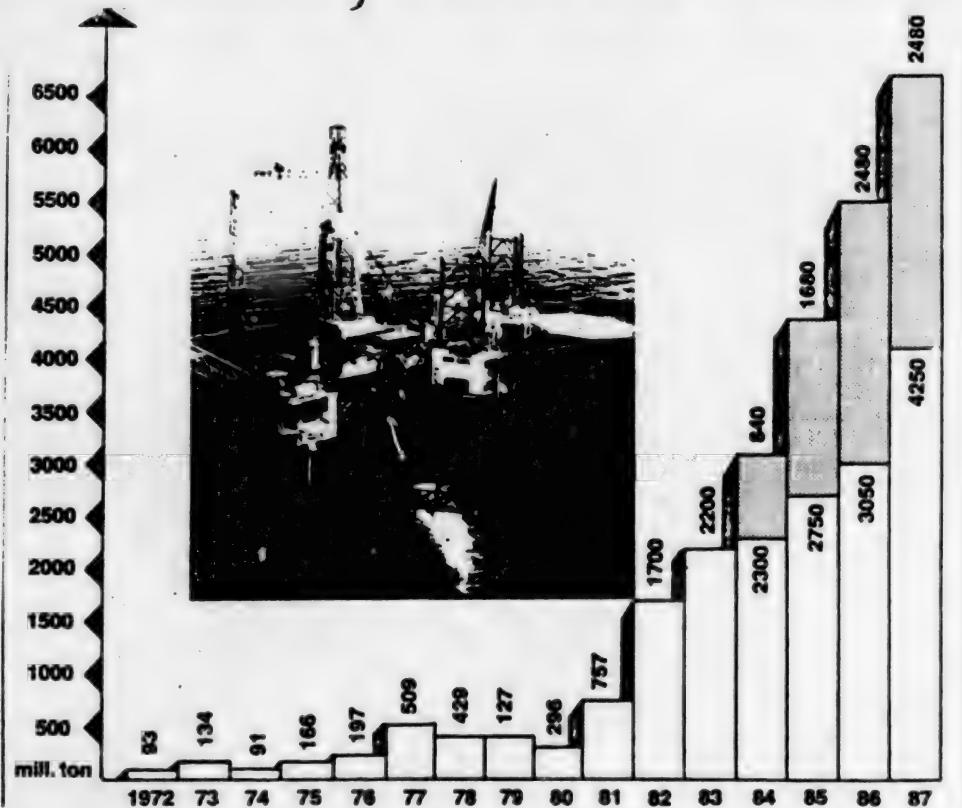
The Energy Board stresses that their estimate is very cautious. It is solely based on already approved production and does not include expansions, if any, of the existing fields. It is thus very likely that the state-owned company DONG [Danish Oil and Natural Gas] will shortly start negotiations for further purchases of oil, which will primarily be reexported to Sweden.

The four fields, Dan, Gorm, Skjold and Rolf, last year yielded 2.3 million tons of oil and 840 billion cubic meters of gas. One thousand cubic meters of gas are roughly equivalent to 1 ton of oil. This year, gas sales double, while the oil production increases by 20 percent. And then it goes fast. Already next year, gas deliveries will reach the agreed maximum of 2,500 billion cubic meters of gas, and the following year the oil production from the rich Dan field will become five times larger.

#### Taxes?

The sharp increase in the production is a great help for the weak Danish balance of payments. This year, Denmark is expected to have a balance of payments deficit of 22 billion kroner, and the oil and the gas therefore will make a much needed contribution.

The size of the share of the state by way of taxes is still a disputed question. The tax authorities are bickering with the companies on the amount of taxation, and the issue will come before the Tax Tribunal in the course of the coming month. So far, the taxation has yielded a disappointingly small amount of money, and in view of the ample possibilities of deductions, Isi Foighel will have to wait for another couple of years for any major contributions.



The columns show the enormous growth in the North Sea production since its start in 1972. The grey upper parts of the columns 1984-87 show the natural gas production, which is measured in cubic meters. The gas production in 1984 thus amounted to 840 billion cubic meters.

ENERGY

ICELAND

OIL IMPORT AGREEMENT SIGNED WITH USSR

Reykjavik MORGUNBLADID in Icelandic 13 Sep 85 p 4

[Text] The Ministry of Commerce has agreed upon a purchase of 310,000 tons of petroleum products from the Soviet Union in the course of the coming year. This is the same quantity of petroleum products as was agreed upon for the current year. The price will continue to be determined according to the Rotterdam indexes, which are variable.

The petroleum products to be purchased are to be distributed as follows: 120,000 tons of fuel oil, which is 20,000 tons more than this year; 120,000 tons of crude oil, which is 20,000 tons less than this year; and 70,000 tons of gasoline, which is the same quantity as this year. The changeover from fuel oil to crude oil is the result of changing market demands here in Iceland. The crude oil is of high quality, but it was agreed that it would be possible to obtain thicker and cheaper crude oil if the purchasers want it.

The agreement was signed in Moscow on Wednesday by Vladimir Morosov, the chairman of Soyuznefte Exports, and Thorhallur Asgeirsson, Ministry of Commerce head. The Ministry of Commerce will then present the agreement to the Icelandic oil companies.

The presidents of the Icelandic oil companies, Indridi Palsson, Vilhjalmur Jonsson, and Thorgeir Asgeirsson, also participated in the negotiations, as well as Arni Kr. Thorsteinsson.

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ENERGY

PORTUGAL

SINES ENERGY TO FULFILL ONE-FOURTH OF COUNTRY'S NEEDS

Lisbon DIARIO DE NOTICIAS in Portuguese 22 Aug 85 p 5

[Excerpts] The electric energy produced by one of the four groups of the Sines Thermal Power Plant would be enough to satisfy the needs of Algarve, an official in charge of the installation of that power plant told reporters who visited the site.

"When this plant becomes fully operational, which is scheduled for early 1990, its production will satisfy 25 percent of national consumption," said that informant.

Energy consumption has been increasing: there has been a 5 percent rate of increase during this half-year compared to the same period in 1985.

Meanwhile, each Portuguese today consumes on the average 63 percent of the electric energy consumed by a Spaniard and less than one-third that by a Frenchman.

Basically, this plant is not a component of the Sines complex because it would have had to be built even if no industrial project had been implemented in Sines.

In fact, given the forecast of an increase of electric energy consumption, the Portuguese Electric Power Company (EDP) would have had to build a thermo-electric plant.

The siting of the plant was conditioned by the fact that the Sines complex was in the process of being implemented, while implied providing the area with infrastructures such as highways, water supply and port installations necessary for installation of the plant.

To supply the power plant, coal will be imported from various countries, specifically the United States, South Africa, Poland, Australia and Britain, at an average price of about 11,000 escudos per ton.

This project will cost 120 million contos at 1985 prices, not including financing costs during construction, which will extend for several years.

The first group of the plant will go into industrial service this month and the remaining groups are expected to go into service, sequentially, in the second quarter of 1986, the fourth quarter of 1987 and the fourth quarter of 1989.

An investment of this magnitude has very positive repercussions on national industry upstream.

All of the project's civil construction will be executed by Portuguese companies and about 80 percent of the mechanical machinery and electrical equipment will be supplied by national industry.

At the same time, EDP has made investments with the cement industry in view; the latter will be interested essentially in the acquisition of a certain type of ash resulting from the coal (about 10 percent) that is not combustible.

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ENERGY

SWEDEN

BRIEFS

PEAT AGREEMENT WITH USSR--An agreement on cooperation in the area of peat has been concluded between Sweden and the Soviet Union at Jonkoping at the current peat fair at Elmia. The chief of the Russian delegation to the peat fair, Minister of Energy Vladimir Archipov as well as the chairman of the Swedish Peat Research Institute at Umea, Sten-Eric Forzelius, were the signatories. "This may become very important for the Swedish peat industry. It went quickly and it was easy reaching an agreement," says Rolf Ohlsson, managing director of the Swedish Peat Research Institute. [Text] [Stockholm DAGENS NYHETER in Swedish 23 Sep 85 p 12] 7262

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